Austria ... Sch. 20	Indonesia .. Rp 3100	Philippines .. Pes. 20
Bahrain .. Din 0.650	Israel .... NS 3.50	Portugal .. Esc 100
Belgium ... BFr 45	Italy .... L 1600	S. Arabia Rls 6.00
Canada ... C$1.00	Japan Y600	Singapore . S$ 4.10
Cyprus ... C£0.75	Jordan ... Fils 500	Spain .... Pta 125
Denmark . DKr 9.00	Kuwait ... Fils 500	Sri Lanka . Rup 30
Egypt ..... E£1.50	Lebanon . £L 50.00	Sweden .. SKr 9.00
Finland .. Fmk 7.00	Luxembourg . LFr 45	Switzerland SFr 2.20
France . FFr 6.50	Malaysia .. Rm 4.75	Taiwan ... NT $65
Germany . DM 2.20	Mexico .. Pes 300	Tunisia .. Din 0.900
Greece ..... Dr 80	Morocco .. Dh 6.00	Turkey ... L 350
Hong Kong . HK$ 12	Netherlands Fl 3.00	U.A.E. .. Dh 6.50
India ... Rup 15	Norway .. NKr 7.00	U.S.A. $1.00

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,164

Thursday February 19 1987

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Standard Chartered: after the great escape, Page 14

World news

Reagan to remove Polish sanctions

President Reagan is expected to announce today that the US is lifting its remaining economic sanctions against Poland in a symbolic show of support for the Communist regime's release of political prisoners and other reforms.

The Reagan Administration imposed sanctions against Poland in 1981 when the Polish Government declared martial law and banned the popular trade union movement, Solidarity.

The Polish Congress, a Polish-American organisation based in Washington, said that its leaders had been invited to a ceremony at the White House today at which President Reagan would formally lift the sanctions. Page 4

Beirut tank battles

Tank battles and rocket attacks intensified as Druze and Communist fighters sought to isolate Amal pockets in the war-scarred Moslem half of Beirut. Page 4

Iraqi 'air attack'

Iraq said its aircraft had "accurately and effectively" hit a large naval target, Baghdad's usual term for an oil tanker or merchant ship, off the Iranian coast.

Mitterrand warning

French President François Mitterrand warned his country's right-wing Government against making a "major historical mistake" over its policy in New Caledonia. Page 2

Uganda plot charge

Ten people from eastern Uganda appeared in court charged with plotting to overthrow the Government of President Yoweri Museveni by force.

Libyan executions

Libya televised six men being hanged and three soldiers being shot by firing squad in the first reported public executions in three years. The nine were accused of treason and various acts of sabotage.

Nuclear inspection

The Soviet Union has opened two more of its civilian nuclear facilities to safeguards inspection by the International Atomic Energy Agency, a spokesman for the Vienna-based agency said.

Critics threatened

Yugoslavia's Communist leadership has hit out once again at critics of its policies, threatening them with unspecified legal measures, the official Tanjug newsagency said.

Palme killer inquiry

Sweden's biggest opposition party, the conservatives, called on Prime Minister Ingvar Carlsson to appear before a parliamentary committee to explain his intervention in the search for the killer of Olof Palme.

Craxi in crisis

Bettino Craxi, Italian Prime Minister, indicated that his Government was steering towards a severe internal crisis which was most likely to lead to early general elections. Page 2

Contra funds vote

The US Senate Foreign Relations Committee voted to cut off all US funding to the Contra rebels in Nicaragua, a step which Congress expects President Reagan to veto.

Aids inquiry

Aids victims who knowingly infect other people may face murder charges in Bavaria and one person is in custody pending investigations, the state Justice Minister said.

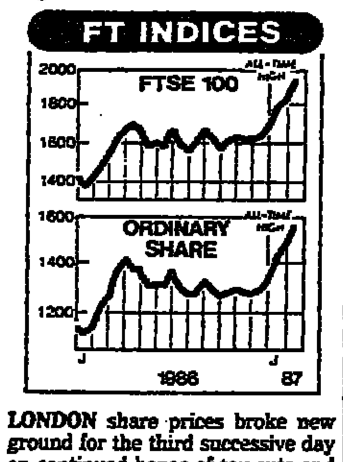
Business summary

Daf set to buy Leyland Trucks

ROVER GROUP: Government announcement on the future of the state-owned car and trucks group is expected soon amid growing speculation that control of Leyland Trucks will be sold to Daf of the Netherlands. Page 7

J. C. PENNEY, third biggest US retail store chain, has reported a 20 per cent rise in full-year earnings to $478m, or $6.37 a share, and announced plans to enter the fast-growing TV home shopping market. Page 17

FT INDICES



LONDON share prices broke new ground for the third successive day on continued hopes of tax cuts and lower interest rates. The FT-SE 100 index was 10 higher at a record 1,952.0 and the FT Ordinary share index rose 2.7 to a peak of 1,555.0. Gilts revived but closed off their highs. Page 36

TOKYO: Investors bought busily, encouraged by Wall Street's record on Tuesday, and share prices rose sharply almost across the board. The Nikkei average gained 243.83 to close at 19,881.76. Page 36

DOLLAR closed in New York at DM 1.8340, SFr 1.5536; FFr 6.1090 and Y153.90. It rose in London to DM 1.8285 (DM 1.8140); to Y153.75 (Y153.15); to SFr 1.5470 (SFr 1.5310); and to FFr 6.09 (FFr 6.0450). On Bank of England figures the dollar's exchange rate index rose to 104.2 (103.6). Page 29

STERLING closed in New York at $1.5315. It fell in London to $1.5320 ($1.5325); but rose to DM 2.8025 (DM 2.7800); to Y235.50 (Y234.75); to SFr 2.37 (SFr 2.3450); and to FFr 9.33 (FFr 9.2650). The pound's exchange rate index rose 0.2 to 69.3. Page 29

WALL STREET: The Dow Jones industrial average closed up 0.14 at 2,237.63. Page 36

GOLD fell $5 to $390.25 on the London bullion market. It also fell in Zurich to $390.25 ($396.25). Page 28

REFAAT EL-SAYED, founder of Swedish drug firm Fermenta, will appeal against a court ruling ordering him to repay SKr 570m ($88m) he borrowed from a Swedish bank to buy Fermenta shares, his lawyers said.

LEAR SIEGLER, California conglomerate which recently went private through a $2.1bn leveraged buy-out, has reported a second-quarter loss of $65.51m and announced plans to sell several subsidiaries. Page 17

ATLAS COPCO, Swedish industrial, mining and construction equipment manufacturer, reported 11.8 per cent profits fall after financial items for 1986 on slightly increased sales. Page 17

BOUYGUES: The expanding empire of Francis Bouygues has retreated from confrontation with the Schneider group over the future of the Spie Batignolles construction company. Page 17

ITT, diversified US industrial and financial group, has reported a sharp rise in profits for the fourth quarter and year although the underlying performance was masked by special charges and gains. Page 17

FIRST BANK systems, leading US regional banking group, raised its quarterly dividend by 50 per cent to 37.5 cents a share, one of the biggest dividend increases by a US banking group in memory.

Delors proposes radical overhaul of EEC finances

BY TIM DICKSON IN BRUSSELS

A SWEEPING plan to overhaul the EEC's finances was announced in Strasbourg yesterday by Mr Jacques Delors, the President of the European Commission.

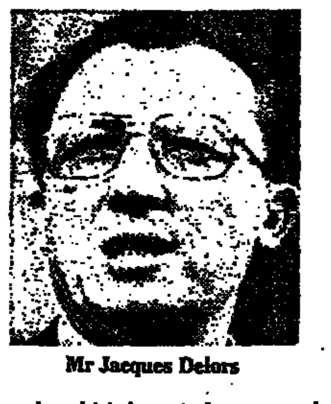
The controversial plan is intended to put an end to the perennial round of budget crises, substantially increase European Community expenditure up to 1992, and change the basis of calculation for Britain's budget rebate as negotiated by Mrs Margaret Thatcher at the Fontainebleau summit in 1984.

Mr Delors also raised the possibility of a new EEC stamp duty on financial transactions.

In this day and age, he told journalists, financial transactions are surging in relation to the value of goods and services. "When I think about poor farmers in the Community with only 10 cows I think that the 26-year-olds on high salaries should do their bit for Europe."

This remark will not be popular in the financial centres such as City of London or Frankfurt.

British reaction to the new Commission package is also likely to be influenced by the implied revision of the system for calculating the British budget rebate.



Mr Jacques Delors

The Commission's detailed proposals, which have to be approved by EEC governors, were outlined by Mr Delors in a long and emotional speech to the European Parliament. They were drawn up after a series of meetings with EEC leaders over the last few weeks.

The main purpose of the plan is to find more money for Community policies at a time when the EEC is effectively bankrupt, and to devise a system of contributions that would place the financial burden of the Community more squarely on the richer, northern member states.

Some of the "new" mechanisms are familiar but the key change would be a new resource based on a percentage of the difference between countries' gross national product, and the sums raised by the EEC's so-called value added tax (Vat) formula based on a percentage of sales of a common basket of goods.

This difference, which would vary considerably from the EEC's Budget Commissioner as "an expression of relative wealth."

The new mechanism would bring into the calculation public expenditure, private investments, balance of payments and trade surpluses, which are not covered by the so-called Vat formula.

The overall limit on budget contributions would in future be defined by a proportion of GNP, rather than being based on the percentage of the present so-called Vat formula. The Commission is suggesting that up to 1992 this ceiling should not be more than 1.4 per cent of GNP.

The Commission calculates that under the new system the Community's budget in 1992 could rise to Ecu 52bn ($59.2bn), compared with Ecu 36.3bn for 1987.

Japan cuts chips output in bid to save US pact

BY CARLA RAPOPORT IN TOKYO

JAPAN has instructed its semiconductormakers to cut production by as much as 20 per cent over the next six weeks in a last ditch effort to save the US-Japan chiptrade pact.

The move is aimed at sharply increasing the price of semiconductors in Japan. This, in turn, is intended to reduce the opportunity for evading the trade pact by shipping cheap Japanese chips to third countries for re-export to the US.

Top US government and industry officials have been vociferously protesting against Japan's alleged inability to live up to the terms of the pact, agreed last summer. According to the agreement, the export prices of Japanese chips were to be markedly increased to stop alleged dumping.

At the same time, market access for foreign chipmakers into Japan was to be enhanced. Japanese chip prices to the US have gone up since then, but market access has not improved and much evasion of the pact through third markets has been taking place.

"The general idea is to show we are sincerely interested in implementing the agreement," said a senior official at the Ministry for International Trade and Industry (Miti) yesterday. Miti has worked out the production cutbacks with the assistance of industry executives. "We are not just guessing (about this production cutback), our forecasts are based on information from the companies," the official said.

According to Miti's plan, production of 256K Drams, the bread-and-butter semiconductor chips for computers and electronic foods, will drop by 23 per cent in the first quarter of this year, compared to the last quarter of 1986. The new figure is about 10 per cent lower than the figure Miti had previously forecast.

Some companies which have been overproducing in the first six weeks of the quarter, however, will have to cut back production by 20 per cent in the next six weeks in order to reach the new forecast.

In addition to the cutbacks, Miti also unveiled three further steps to enhance market access for foreign chipmakers in Japan. These include a seminar for foreign businessmen in Tokyo to be held next week, the establishment of a permanent centre for the promotion of foreign semiconductor sales in Japan and a sector-specific market survey of Japanese markets to better determine opportunities for foreign companies aiming to sell chips in Japan.

Haughey set for Irish election win but majority may be slim

BY HUGH CARNEGY IN DUBLIN

MR CHARLES Haughey's Fianna Fail party was heading for victory last night in Ireland's general election, but there remained doubt over whether it would win an outright majority in the 166-seat Parliament.

Fianna Fail was being helped by a heavy swing against Fine Gael, led by Dr Garret FitzGerald, the Prime Minister.

However, much Fine Gael support was lost to the progressive Democrats, a party formed just over a year ago which appeared to be heading for a remarkable result, with more than 10 seats.

By late afternoon, Mr Haughey expressed confidence that Fianna Fail would form the next Government on its own. "I'm quite happy at this stage that we're on target for 84 seats or more," he said.

The final result is not expected until later today because the proportional representation system used in Ireland involves repeated counts. Some five-seat constituencies could have as many as nine counts with the outcome depending on the pattern of votes transfered from elected or eliminated candidates.

Early returns as the results flowed in last night showed that Fianna Fail had taken more than 49 per cent of first preference votes, up four points from the last election in November 198 when it won 76 seats. Party officials and commentators said the party was assured of 80 seats and could get up to 10 more.

Fine Gael, which was in coalition with the Labour Party until last month, had slipped nine points to 33 per cent of first preference votes. It was expected to lose at least eight of its present 68 seats, although transfers from eliminated Progressive Democrats were expected to help arrest the slide in some areas. Labour support also slumped, with about half of its 14 deputies in danger of losing their seats.

A major feature of the election was the performance of the Progressive Democratic Party which took more than 7 per cent of first preferences. Mr Desmond O'Malley, who left Fianna Fail to set up the new party, said he expected to win about 15 seats, including a good showing in Dublin and in his own Limerick East constituency, where two party seats were assured.

"It's a fantastic achievement for a party that didn't exist 15 months ago," he said.

There was no comment from Dr Fitzgerald, who was re-elected in his Dublin South-east seat, but with a sharply lower share of the vote. Dr Fitzgerald's former constituency chairman, Mr Michael McDowell, was on target to win a seat for the Progressive Democrats.

With Fianna Fail failing to make gains in the Cork region in the south, it was relying on big gains in the 41 Dublin seats to give it a majority.

One victim was Mr Paddy O'Toole, the Defence Minister, who lost his seat in Mayo East, not to the Opposition but to his Fine Gael running mate who mounted a powerful local campaign.

Mr Donald Regan

Future of White House chief in doubt

By Lionel Barber in Washington

THE POSITION of Mr Donald Regan, the embattled White House Chief of Staff, looked increasingly precarious last night after President Reagan said his top aide's future was "up to him."

President Reagan, breaking silence after weeks of criticism about Mr Regan's effectiveness and his authoritarian managerial style, refused to give him a vote of confidence during a brief skirmish with reporters.

The President, asked to comment on a report that his wife, Nancy, was no longer speaking to the Chief of Staff, said: "I have always said that when people I've ever asked to come into government feel that they have to return to private life, that's their business and I will never talk them out of it."

He insisted he would not sack Mr Regan, but appeared to leave open the door for him to leave the White House, possibly within the next month.

Mr Regan has kept a low profile in the last six weeks. Asked to comment on resignation reports recently, he said: "If the President feels that way, I will, but I work at his pleasure and he hasn't indicated anything like that."

Mr Regan's job hung by a thread in the wake of the Iran arms scandal when Mrs Reagan, senior White House staff and Republican supporters urged the President to sack him.

The latest resignation rumours have been prompted by the departure of several senior White House staff, including the President's chief political adviser, the Cabinet Secretary and the Director of Communications.

There have been other reports that influential members in the Administration have turned against Mr Regan. Mr James Baker, White House Chief of Staff in President Reagan's first term, and now US Treasury Secretary, has denied reports that he wants Mr Regan out.

Third Channel tunnel board member quits

BY ANDREW TAYLOR IN LONDON

MR Michael Julien yesterday announced that he is to stand down as deputy chief executive of Eurotunnel, the Anglo-French Channel tunnel consortium, to become finance director of Guinness, the British drinks group.

London investment institutions last night described Mr Julien's move as the most damaging of the three boardroom departures that have rocked Eurotunnel in the space of just over a week.

On Friday after a board meeting in Paris, Eurotunnel is expected to announce the successor to Lord Pennock, who announced his intention to stand down as British joint chairman of the consortium nine days ago.

The consortium is also expected to announce shortly the appointment of several new British and French directors to strengthen the board.

Earlier this week, Sir Nigel Broackes, chairman of Trafalgar House, the construction, property, shipping and hotels group, resigned as a non-executive director from Eurotunnel.

"The loss of Lord Pennock is not serious, but the manner of his departure and the publicity over the Bank of England's doubts and involvement has been extremely damaging," said one leading British institutional shareholder.

"Sir Nigel's departure was expected and not really a blow: given the differences between him and some of the contractors who helped found the consortium. Michael Julien's loss is much more serious. We regard him highly and he had the confidence of the investors.

"It is going to make it much more difficult for Eurotunnel to raise the £750m ($1.125bn) it needs in this summer's international share issue," said the fund manager.

Mr Julien said the project, despite the damaging publicity in recent weeks, still had a good chance of success. He declined to say a 100 per cent chance, but said well over 50 per cent.

He said politicians and the international banks, which are committed in principle to provide up to £5bn in loans and standby credits, had the will to see the project through. The investment community had still to be convinced.

French partners in Eurotunnel have remained relatively unflustered by the recent boardroom defections: "The English have come through worse problems than this in the past. Projects of this kind have their ups and downs," a senior executive of one of the French contractors involved in the project, said yesterday.

Officials at the French Transport Ministry were also calm: "It is not our business since Eurotunnel is a private company but we are confident that the British can surmount their problems. Our only wish is that things should return to normal quickly with a chairman of first rank and of uncontested authority," said one official.

Julien joins Guinness

BY LISA WOOD IN LONDON

GUINNESS, the troubled British beverages group, announced yesterday two senior appointments which will complete the shake-up in the group's top management team.

Mr Anthony Tennant, deputy group chief executive of Grand Metropolitan, the UK hotels and leisure group will become Guinness' group chief executive and Mr Michael Julien, deputy chief executive of Eurotunnel, will become the group's managing director of finance and administration.

They replace Mr Ernest Saunders, the former chairman and managing director of Guinness and Mr Olivier Roux, the group's finance director who was on secondment from Bain & Co, the UK management consultants.

Both men left in January, shortly after a British Department of Trade and Industry investigation was launched into large-scale Guinness alleged share support operations last spring during the company's takeover battle for Distillers, the UK drinks group.

Mr Tennant, 56, has a reputation as a talented drinks' brands marketeer. He was at the helm of Grand Metropolitan's International Distillers and Vintners wine and spirits business while it developed into the fastest growing drinks business in the world.

Mr Julien has been with Eurotunnel since only last autumn and was a former finance director of Midland Bank. He played a major role in the restructuring and subsequent divestment of the Crocker Bank while with Midland.

Background, Page 6

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KHOO'S CREDITORS TRY TO CLEAR THE WATERS

Bankers meet today to try and sort out the affairs of Tan Sri Khoo Teck Puat's 70 per cent-owned Bank of Brunei, Pages 14 and 17

W German GDP forecast to fall in first quarter

BY PETER BRUCE IN BONN

WEST GERMAN economic output, which stopped growing in the last quarter of 1986, is likely to fall by 1 per cent in the first three months of this year, according to one of the country's leading economic institutes.

Another institute is forecasting that the state contribution to gross domestic product (GDP) this year will not fall, for the first time since 1983.

The German Institute for Economic Research (DIW) in Berlin, one of the country's big five economic institutes, said yesterday that "all available information points to a further perceptible fall in GDP in the first quarter of the current year."

Unlike the Bundesbank, which last weekly simply reported no change in the 1986 fourth quarter, the DIW also claimed yesterday that GDP had, in fact, fallen then by 0.5 per cent.

Industrial orders were lower, the DIW said, and warned of more export hardship to come because of the continuing strength of the D-mark. It also said poor weather at the beginning of this year had contributed to the expected GDP fall, seasonally adjusted, for the quarter.

The second institute, the Hamburg-based HWWA, warned yesterday that the present Government's efforts gradually to reduce the proportion of GDP produced by the state would come to a halt this year.

Small cuts have been made every year since Chancellor Helmut Kohl came to power, with the state now contributing around 45 per cent of GDP.

The HWWA also warned that it would probably be impossible for Mr Gerhard Stoltenberg, the Finance Minister, to cut his budget deficit below last year's DM 23bn (£8.3bn) and said that the proceeds from the Federal Government's privatisation plans would not be enough to cover new federal debts.

Both the HWA and the DIW urge the Government to press ahead with tax cuts. The Hamburg institute warns, though, that Mr Stoltenberg has less and less room to manoeuvre on tax reform.

The three parties in the governing coalition, meanwhile, were still locked in an apparently heated debate over how the outlines of a growth boosting DM 40bn tax reform for the 1990s. In the main party, Mr Kohl's Christian Democrats, there remains strong opposition to proposals by the Bavarian CSU and the liberal Free Democrats (FDP) that the 56 per cent marginal rate paid by top earners and medium-sized businesses be cut.

Kazakh riots worse than admitted, says minister

THE PRIME MINISTER of Soviet Kazakhstan yesterday substantially revised official accounts of December's riots in Alma-Ata, saying two people were killed and about 200 injured, Reuter reports from Alma Ata.

Giving the fullest account so far of the disorder, Mr Nursultan Nazarbayev said up to 3,000 people took part in the nationalist demonstrations in the Kazakh capital. The previous official figure, given by Deputy Foreign Minister Vladimir Petrovsky, was no more than several hundred.

Mr Nazarbayev said about 100 people were detained. Three had been sentenced to prison or labour camp terms and 28 others were still under investigation.

He was speaking in the Kazakh government building to 12 Moscow-based foreign correspondents, the first allowed into Alma-Ata since the riots flared on December 17-18.

Previous official press reports played up the role of "hooligans and parasites" in the trouble, but Mr Nazarbayev said the students had voiced some legitimate grievances, including food and housing problems in Alma-Ata.

"One volunteer police worker died. One student died," he said, explaining that both had suffered blows to the head.

Craxi on course for early election

By John Wyles in Rome

MR BETTINO CRAXI, the Italian Prime Minister, indicated yesterday that his coalition government is heading for a severe internal crisis which is most likely to lead to an early general election.

During two television interviews within 24 hours, the Socialist Prime Minister has cast doubt on whether he will allow himself to be succeeded by a Christian Democrat at the beginning of April in line with the spirit, if not the letter, of the political deal which ended a messy political crisis last summer.

He claimed there was no agreement that he would be automatically succeeded by a Christian Democrat. He was still ready to contemplate such a move but it now looked "improbable."

He did not explain why, nor did he confirm that he would step down in April. Instead, he merely asserted that the "mandate" he had sought at the start of the current legislature three and a half years ago would expire at that time.

This implies that, by one means or another, he will frustrate the formation of a Christian Democrat-led government

Most parties, with the exception of the Communists in opposition and the Republicans in government, are convinced that an early election is both inevitable and desirable. Inevitable because no legislature has run its full term since 1969, and desirable because any post-Craxi government could be terminally weakened by electoral rivalries in the run-up to the unavoidable election due in June 1988.

An election this year would also avoid difficult referendums scheduled for June 14 on nuclear power and judicial reform

With business sentiment also favouring an early election, the dilemma for Mr Craxi and the Christian Democrats is how to precipitate the one or other or both without being penalised by an electorate which is much less favourably disposed.

Christian Democrat leaders were lying low yesterday because they are convinced that Mr Craxi is trying to provoke them into forcing the rupture by reneging on the formula of last summer.

Why W. Germans are in a hurry

Andrew Fisher in Frankfurt looks at a nation's obsession with high speed car travel

YOU ARE on an autobahn driving at, say 140 kilometres an hour, or not far short of 90 mph, which is almost crawling by German standards. You are in the fast lane overtaking a slower car or lorry. Suddenly, a glare appears in your mirror. The driver behind, who has flashed up from nowhere, is impatient and is not shy of letting you know it. With an anxious shiver, you seek to move back into the middle or inside lane without panicking.

On West Germany's increasingly overcrowded motorways, where speed limits exist only on awkward stretches or parts under repair, the above is all too common. More cars are being driven at higher speeds, as people have become more prosperous and petrol has become much cheaper.

In Germany, speed limits on motorways are barely a topic for discussion these days. But accident statistics tend to be. Insurance companies are growing worried about the sums they have to fork out for damaged cars, about DM 18bn ($9.7bn) a year. Allianz, the country's biggest, may lose money on motor insurance this year. Drivers, it says, are going "faster and more inconsiderately."

Judges, too, have been expressing concern. Mr Richard Spiegel, president of the German Traffic Courts Association, said recently that Germans had a "highly neurotic attitude to speed." Their behaviour in traffic had been worsening, and no-one could deny that too high speeds were the main cause of accidents.

But whenever the speed limit topic is aired in Germany, defenders of the status quo emerge in hordes. The motor industry throws up its collective hands in horror, saying limits would inhibit the development of the advanced cars which sell so well abroad. The Government says accident statistics and environmental issues would not justify a speed curb everywhere.

And the drivers themselves? Not all, it is true, use their cars as weapons of self-assertion. But many Germans certainly drop much of their innate caution and discipline when they accelerate onto the autobahns. Even if there were a legal limit on even the most wide open stretches of motorway, it would probably be ignored, argue the detractors of a speed restriction.

Not that German accident figures have grown alarmingly. Last year, there were 4 per cent more in the first 10 months. Deaths on the roads probably totalled nearly 9,000 (a 7 per cent rise) in the whole of 1986, just over 700 of them on the autobahns. Before seat belts were made compulsory in 1985, deaths were far higher, over 10,000 in 1984 and a horrifying 19,000 in 1970.

The problem is, as in the rest of Europe, that there are more cars on the road every year. And it is not only on the motorways that speeds have been edging up. Gung-ho drivers also charge down Germany's town and city roads, where there are very definite speed curbs.

Not surprisingly, Germany has reacted fairly frostily to the notion floated in Brussels that all EEC countries should have a basic motorway limit of 120 kilometres an hour, with some flexibility above and below this where justified. Some, such as the Netherlands and the UK, would have to raise their levels to this limit. For Germany, 120 kph is far lower than the menacing speeds – 200 kph or more – which some fearless drivers achieve.

In the main, Germans are good, if sometimes aggressive and selfish, drivers. They are certainly more disciplined than Belgian drivers, say some Commission sources, presumably speaking from personal experience as well as from the statistics.

The Bonn Government decided some time ago against speed limits to help the environment, arguing that a 100 kph curb would make little difference to the state of the country's countryside. In the view of EEC experts, with cars now being cleaner, it is the accident rate that is the more compelling reason for a limit.

There is no certainty that the Commission will come up with formal proposals for any limits. But is it not time for Germany to make more concessions to the increasing dangers arising from the combination of more speed, more cars, and more driving? Going hell-for-leather down your favourite stretch of motorway may be fun, but an autobahn is not the Nürburgring.

Air France confirms interest in A-340

BY GEORGE GRAHAM IN PARIS

AIR FRANCE, the French national airline, yesterday moved a step closer to backing the new A-340 airliner planned by the European Airbus consortium.

The board of Air France confirmed its interest in the A-340, a medium capacity long range airliner expected to fly in the 1990s.

The company said that it hoped its negotiations to acquire seven A-340s could be concluded successfully.

The announcement gives an important boost to Airbus, which needs firm backing from at least five airlines before it can launch the A-340 development programme. So far, only Lufthansa, the West German national carrier, has given unequivocal support.

Lufthansa has placed 15 firm orders for the A-340 and a further 15 options. Air France, by contrast, has recently bought more Boeings.

The A-340 has aroused a fierce dispute between the EEC and the US, where McDonnell Douglas will produce a rival long range medium capacity aircraft, the MD-11.

McDonnell Douglas has accused Airbus of unfair competition in seeking to lure away airlines which had already indicated their intention to buy the MD-11. SwissAir and SAS have been keenly wooed by the rival aircraft constructors.

The Airbus consortium last week officially baptised its newest airliner, the A-320, which has topped 400 orders. The projected A-340 would complete the range and take the European consortium into the long haul market, an area previously dominated by US producers.

Air France indicated that it was interested in being among the initial airlines committed to the A-340, which would give it influence in defining the aircraft's design.

Relations worsen between Hungary and Romania

BY LESLIE COLITT IN BERLIN

RELATIONS BETWEEN Hungary and Romania, two Warsaw Pact Allies, have further deteriorated over alleged discrimination by Romania against its 1.8m ethnic Hungarian minority.

Mr Matyas Szueroes, a senior Hungarian official, told Radio Budapest there were differences with Romania on "matters of principle." He noted that talks begun last year between the two countries to ease border traffic problems were "not going smoothly."

Hungarians crossing into Romania to visit relatives have been frequently held up by lengthy Romanian passport and customs inspections. They are forbidden to bring newspapers and other publications

Mr Bela Koepeczi, the Hungarian Minister of Culture, told a Western newpaper recently that Hungary's relations with Romania were getting "worse and worse."

In an unusually sharp statement Hungary's Roman Catholic bishops said last month that the ethnic Hungarians were being deprived of human rights.

For its part, Romania recently condemned all discussion of the rights of national minorities at the Vienna follow-up meeting to the Helsinki security conference.

The Romanian news agency said the minority question was raised by those who "in reality wanted to alter the borders."

This was a reference to the treaty in 1919 under which Hungary ceded to Romania the region of Transylvania where most of the ethnic Hungarians live.

Hersant promises TV 'diversity'

BY OUR PARIS CORRESPONDENT

MR ROBERT HERSANT, the French press magnate, sought to give assurances yesterday that his television operating group would maintain a diversity of views on its news programmes when public hearings opened yesterday on the selection of new proprietors for three of France's television channels.

Mr Hersant, the owner of the right wing daily Le Figaro and a string of other national and provincial publications, is a candidate with Mr Silvio Berlusconi, the Italian producer, for the fifth Channel, la Cinq. The only other contender is a consortium led by Sir James Goldsmith, the owner of L'Express.

It is the first time that US style public hearings have been held on such an issue. The newly created broadcasting commission, CNCL, seems to have adopted the procedure to restore its credibility in the face of widespread belief that the selection has already been made by Mr Jacques Chirac, the Prime Minister, and that the 5th Channel will go to Mr Hersant's group.

Questioned by one of President Mitterrand's two nominees on the commission maintaining a diversity of view on news programmes, Mr Hersant said it was a "difficult" problem.

"We will recruit the best journalists and the best news presenters," he said. "We will ask them to ensure a diversity of view—which is not always the case with the existing channels."

One fear expressed about Mr Hersant's candidature has been that he would use the channel to promote his own political views. He is also a deputy and leads a powerful lobby within parliament.

Mr Hersant said that he currently employed 2,000 journalists and had never been accused of interfering in their work. He warned the commission against hearsay reputations saying that they "are not always merited."

The hearings seemed more designed to allow the operating groups to put forward their case in public than to promote detailed cross questioning. Apart from the exchange with Mrs Catherine Tasca, President Mitterrand's representative, the other questions were fairly anodyne.

Mitterrand and Chirac clash over territory

By David Housego in Paris

THE FRENCH President, Mr Francois Mitterrand, clashed openly yesterday with Mr Jacques Chirac, his Prime Minister, over France's South Pacific territory of New Caledonia. The incident is likely to strain further the power-sharing system between the Socialist President and Conservative Government.

The occasion of the dispute was the adoption by the Cabinet of the text of a bill providing for a referendum in New Caledonia in late July or August on the island's future. Mr Mitterrand used the meeting to issue a strongly worded statement expressing his disapproval of government policy in the territory which he said was creating fresh communal tensions. The referendum will give the islanders a choice between independence and remaining part of France. But the FLNKS, the indigenous Kanak independence movement, is threatening to boycott the elections because it has not been consulted on the terms of the vote and because it claims that the Government is deliberately undermining the steps taken so far to give the Kanaks regional autonomy.

An FLNKS boycott could provoke a further round of violence on the islands—thus sparking off recriminations between the French right and the Socialists over responsibility for the deterioration of law and order.

Even before yesterday's cabinet meeting, Mr Bernard Pons, the Minister for the Overseas Territories, warned Mr Mitterrand that his public intervention could harden attitudes among Kanak "extremists" and "revolutionaries."

In his statement yesterday, Mr Mitterrand made clear that he believed the Government had effectively drained of power the three of the four regional councils in the territory where the Kanaks are in a majority.

Before the cabinet meeting, FLNKS leaders wrote to Mr Chirac complaining that the regional councils—set up in 1985 to give the Kanaks experience of administration—were being deprived of funds and by-passed in decision-making.

The President also criticised the Government for the break-off in talks with the FLNKS over the organisation of the referendum. Mr Pons recently visited the island but only saw the French community and the conservative Kanak chiefs.

In a reply to Mr Mitterrand before the cabinet, Mr Chirac said the Government had initiated a "real dialogue" with the different communities on the territory.

The concern of other Pacific region countries about the change in French policy towards New Caledonia under Mr Chirac's administration was expressed in December by their referring the issue to the UN committee on decolonisation.

Tim Dickson on plans to change the foundation of EEC funding

Delors outlines vision of the future

"THE credibility and the construction of a united Europe are at stake," Mr Jacques Delors thundered in his keynote address to a highly appreciative European Parliament in Strasbourg yesterday.

That and other verbal flourishes sprinkled through a lengthy speech was typical of a man never slow to berate EEC member states for frustrating the European ideal and needlessly holding up progress towards a unified internal market. Yesterday, however, there was more to his ideas than just the outline of a distant and familiar vision.

The Commission's plan to change the whole foundation of EEC budget contributions—moving from the present system based on a value added tax related formula to a complex alternative which would take into account countries' relative gross national product (GNP)—seems certain to start an intense political debate in member states. It raises vital questions about priorities for and control of EEC spending and it could seriously exacerbate tensions between the richer northern states in the Community and their poorer Mediterranean counterparts.

The Community has, quite simply, run out of money. The present system is inadequate to meet rising future spending commitments and the Commission does not believe it fairly spreads the burden between the various member states.

This year, the EEC is set to fix a budget of Ecu 36.3bn (£27bn)—the maximum permitted under the present rules—and yet on present projections the Common Agricultural Policy (CAP) alone will cost a further Ecu 3.8bn. The total overrun in 1987 is expected to be about Ecu 5bn.

Besides the CAP problems, the regional and social funds have expanded in the past couple of years, partly to take account of the entry into the EEC of Spain and Portugal. And the Single European Act, an amendment to the Treaty of Rome, the Community's founding charter, which is expected to come into force later this year, will introduce a number of policies for which extra funds will be required.

The Commission claims that until the present system is reformed it will have to tackle successive budgetary crises—the latest was only resolved this week.

Only two thirds of the EEC's own resources come from the Vat take, already right up against the 1.4 per cent limit agreed by heads of state at the Fontainebleau summit in 1984. The rest comes from customs duties and agricultural levies, both of which are set to decline as a result of declining external tariffs and the Community's increasing self sufficiency in previously imported food.

The VAT take, moreover, is not what it seems. Only eight member states pay 1.4 per cent. West Germany pays 1.33 per cent and Britain—thanks to the famous budget rebate negotiated in 1984—pays an effective 0.7 per cent. There are transitional arrangements for Spain and Portugal.

This then is one problem—the 1.4 per cent ceiling works out at an average for the Community of only 1.2 per cent. More fundamentally, however, the Commission argues that the EEC's "own resources" are falling back because the revenue from the notional basket of goods on which the system is based is not growing as quickly as gross national product in each member state. The difference is that GNP includes public sector spending, private investment and any surplus on the balance of trade.

The Commission plan is essentially designed as a medium term strategy—lasting until 1992—with four platforms.

The limit on the EEC budget would in future be defined as a percentage of each country's GNP—a maximum of 1.4 per cent in 1992 (equivalent to 2.1 per cent of the current VAT system) but expected to be on a graduating scale up to that figure in the intervening years. The composition would then be as follows:

- Customs duties would remain but the 10 per cent currently remitted to member states would in future go to the Community, as would duties on coal and steel.
- Agricultural levies. These would be part of "own resources" as before.
- VAT. There would be uniform VAT levy of 1 per cent collected in future by member states as agents of the EEC. These revenues would thus be kept outside national budgets and their calculation would be simpler than at the moment.
- A flexible element and the key to the whole new system. This would be calculated as a percentage of the difference between total GNP in each member state and the VAT basket—a gap which would invariably be greater in the wealthier member states (Germany, Benelux, Denmark and France) where public spending, private investment and trade surpluses are larger. The point is that the percentage would be the same but the revenue raised in this way would vary sharply.
- The joker in the pack is an as yet undefined resource which the Commission says it might introduce before 1992. The way Mr Delors' mind is working, however, was clear from the example he gave in his speech of a "stamp duty, or small tax on financial transactions"

The new system would ease Britain's budget rebate requirement caused by the atypically small amount which Britain gets from the CAP and the relatively high level of private consumption relative to total UK wealth. In future, however, the mechanism would represent a 50 per cent rebate on the UK's net agricultural payments to the EEC budget.

This would be financed by the Benelux countries, Denmark, France, Italy and West Germany (which would pay less than its full share).

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US brings electronics jobs to Europe

By Terry Dodsworth, Industrial Editor

US ELECTRONICS companies are expected to create 25,000 jobs in Western Europe over the next three years, of which between 9,000 and 10,000 are likely to be located in Britain.

This is one of the main conclusions of a report* by The Economic Development Briefing, an independent market research organisation which specialises in the analysis of offshore investment projects.

It says that up to a third of all new European plants set up by US companies will be in the UK, and that 88 per cent of US electronics managers shortlist Britain as a suitable offshore location.

The survey also suggests that the boom years for direct US investment in Europe are over. Although just over 20 per cent of American electronics companies plan to set up new or additional production facilities in the region during 1987-89, the number of companies with investment plans in the region has dropped by 50 per cent compared to three years ago.

"Nowadays local production will only be considered when a product has established itself firmly in the European market-place," the report concludes. "On the positive side this new attitude will ensure that new projects are much less likely to be closed or scaled down after only a few years."

The report adds that sales of American electronics companies producing in Europe or exporting to the region should show an increase of 15-20 per cent over the next 12 months. However, most of these goods going to European consumption are shipped from plants in the US.

"While roughly half the major US electronics companies have European production facilities, only 16 per cent state that most of their products for Europe are actually made by their European facilities."

According to the survey, which is the result of questionnaires and interviews with 471 US electronics groups, Britain's success in attracting US interest is due to the efforts of its regional development agencies. Out of the 25 most professional European development authorities operating in North America, 13 are from the UK, with the Scottish Development Agency in first place.

**The 1987 US Electronics Survey. Published by The Economic Development Briefing, PO Box 625, Hampstead, London, NW3 2TZ.*

Discovering a sunny side to West Germany's hardship post

BY HAIG SIMONIAN IN FRANKFURT

AFTER THREE weeks, the sun shone. Last weekend, the protective shroud of mist—and sometimes smog-covering Frankfurt's skyline finally lifted to reveal a face that was less grim than first impressions had suggested.

However, presenting Frankfurt as anything other than a hardship post, almost on a par with Warsaw or Moscow, goes against the grain of a fiction in danger of turning into reality after being nurtured for years by waves of expatriates reporting to their bosses back home.

It may have been true straight after the war, when 75 per cent of the city's core lay in ruins. And it was probably still not that wide of the mark well into the 1960s and early 1970s, when one skyscraper after another pierced the skyline and helped Frankfurt am Main—the capital of West German banking and finance—gain its far from complimentary nicknames of Bankfurt and Mainhattan.

But things have changed. Not that many canny Frankfurt-based expatriates are keen to let on. Better for corporate HQ in Paris, Milan or New York to carry on thinking of the place as crime-ridden, boring and something of a dump, where only the keenest and most resilient young executives are prepared to go. Of such stuff are careers made.

Meanwhile, the rest of us can sit back and enjoy it. True, Frankfurt is no picture post-card. But if money alone were enough to make up for wartime devastation and strong signs of post-war greed, then the city has done—and spent—about all it can to smarten itself up.

Yet what Frankfurt has gained in practicality it may sometimes have lost in character. Old-fashioned trams have all but vanished in favour of a slick all-weather underground transport system.

And the city is still wrangling about removing the town's remaining seedy area—calling it a red light district is going too far—around the railway station to make room for yet more banks and insurance companies.

"Frankfurt was rebuilt from its foundations up thanks to the help of our American and British friends," quip the locals, usually good-naturedly, when it comes to describing some of the excesses of the city's reconstruction after its wartime pounding. Commercial redevelopment sometimes took over where the bombs left off. It was well into the 1970s before Frankfurt's West End, now a snobby residential area with soaring rents to match, came into its own.

It still bears some of the scars of its muddied past. Fine baroque villas, now almost all converted into luxury flats, sit cheek by jowl with modern office blocks. Only a stone's throw from the city centre and not far from Frankfurt's lavishly restored "Alte Oper," is a residential area that plays Notting Hill to the West End's Kensington. The north-end may not sound like much, but it makes up in liveliness what its western neighbour claims in class.

Like most big cities, central Frankfurt on a Saturday afternoon is a shopper's paradise. Or almost; West Germany's antiquated Saturday trading hours mean stores are only open until 6 pm once a month.

The crowds of shoppers are swollen by the Americans, many of whom suddenly seem to come out of the woodwork on Saturday. The US community here is so large that estimates of its size differ by tens of thousands.

The surrounding streets all bear witness to their new tenants; the US high school, bowling centre and the all-important servicemen's store are all within a few hundred yards. At the kerb, rows of cars testify to the GIs' affluence.

But it is not only the US military which has developed its own ghetto on central Frankfurt's northern fringe. Just across the road in Ginnheim stands a hideous grey 14-storey hulk. The Bundesbank, and the neighbouring rows of barrack-like flats that provide cheap housing for many of its employees, expresses in its own financial way what the US base signifies in military muscle. Neither is likely to go away, and Frankfurters have learned to live with both.

Brussels draws up basic safety rules for consumer goods

BY WILLIAM DAWKINS IN BRUSSELS

WIDE-RANGING rules setting minimum safety standards for all consumer products are being prepared by the European Commission for submission to member states later this year.

Consumer protection experts are drawing up a report on the desirability of a general obligation to market safe products, due to be presented to national officials for their views in April, with a draft directive expected to follow during the autumn. At that stage, member states would have to decide whether it should become law.

The move, initiated early last year under the Dutch presidency of the EEC, has won the backing of Belgium, the new EEC president. It is also being pushed hard by Mr Grigoris Varfis, the Commissioner responsible for consumer protection.

He said in the latest monthly report of BEUC, the European consumers' association: "It is my firm intention that the Commission should submit in 1987 . . . a general directive on product safety. This is becoming urgent and important, not only as one of the conditions of the achievement of a completed internal market, but also because more and more member states are adopting general legislation on product safety."

The precise content of the draft directive is far from decided, but it is expected in broad outline to be inspired by existing consumer protection laws in France and Britain.

Among the options considered in discussions between the Commission and consumer associations are safety standards that would apply to conditions of "reasonable misuse" — in the words of one official — as well as normal use.

Also being considered are statutory obligations for manufacturers to supply safe goods and monitor and report defects themselves, rather than leaving such checks to national authorities. Measures that would permit national authorities to force manufacturers to withdraw products from all EEC markets are also being debated. This would prevent manufacturers from responding to national bans by exporting dangerous products to other member states.

The EEC's main existing legal influence on product safety consists of a directive on product liability and a warning system whereby national authorities throughout the Community are automatically informed of dangerous designs.

Mr Varfis is promoting the proposals partly to fill the obvious gap left by existing liability rules (they only apply after accidents happen), but is also arguing that this is a logical extension of the EEC's so-called new approach to product standards. This allows product directives to set broad and simple outlines for safety and performance, leaving member states to sort out the mass of technical details themselves.

However, the product safety idea has already provoked a sceptical reaction from the Commission's industrial affairs directorate. It fears that the move would unnecessarily duplicate the new approach, which is geared to specific products.

Easing of Greek banking controls proposed

BY ANDRIANA IERODIACONOU IN ATHENS

A PROPOSAL to liberalise the Greek banking sector by dismantling the existing complex system of reserve requirements and regulated, negative, interest rates, was unveiled yesterday by a special committee of Greek state bank and Economy Ministry officials.

The plans, which are to be thrashed out over the next few months with banks and trade unions, represent an extension of reforms which have been quietly under way since 1983 on the initiative of the Bank of Greece.

These have so far included the consolidation into four basic rates of a web of more than 100 lending rates set by the Bank of Greece, and the relaxation of case-by-case control of lending by the central bank in favour of allowing individual commercial banks greater freedom to set their own portfolios. About 80 per cent of the Greek banking sector is state-controlled.

The committee's proposals envisage a full liberalisation of the system, with a rationalisation of the role of the Bank of Greece and the development of the capital market, in three phases. They set no specific time frame, however, noting merely that the changes must follow stabilisation trends in the economy. The Government is in the process of implementing an economic stabilisation programme designed to reduce domestic and external deficits and inflation.

According to the committee, economic conditions in Greece permit the implementation of the first phase of the liberalisation programme. This proposes positive lending and deposit rates relative to the inflation rate, which the authorities expect to reduce from 16.9 per cent last year to 10 per cent by the end of 1987. In addition, the existing spectrum of lending rates is to be consolidated to one basic rate, with the exception of special long-term rates to farmers and small businessmen. These are to be subsidised directly through the state budget.

During the first phase the Bank of Greece will still set lending and deposit rates, and reserve requirements on deposits wil also continue to apply. However, the committee proposes a further relaxation of Bank of Greece restrictions on various types of commercial bank lending.

Government to take share in offshore group

BY OUR ATHENS CORRESPONDENT

THE GREEK Energy and Industry Ministry served notice yesterday on the four foreign member-companies of LAPC, an international consortium developing offshore oil deposits in the north Aegean, that it intends to secure a majority interest in the consortium for the state-run Public Petroleum Corporation (DEP).

In a combative announcement the Ministry said the DEP had made a bid last year for the controlling interest of Dennison Mines of Toronto, the leading member of the consortium with an original participation of 68.75 per cent in the $600m LAPC project. But the offer was rejected last December.

Following Dennison's "refusal to negotiate," the announcement said, the Ministry secured the approval of Mr Andreas Papandreou, the Greek Prime Minister, for the drafting of special legislation which will enable DEP to secure control over the consortium even without the consent of its foreign members.

The Greek state concern is to alow a three-month deadline for negotiations with foreign members of LAPC before proceeding to ease control through the special legislation.

Polish company protest

By Christopher Bobinski in Warsaw

THE freely-elected workers co-management council at the Tewa electronics factory in Warsaw has accused the government of trying to limit company rights contrary to decentralising reforms passed in 1981. Companies were then given autonomy under a law which sought to limit and define instances when government ministries could impose their will.

The protest comes at a time when the Soviet Union has published a draft law which recognises company autonomy in terms which are sometimes reminiscent of the Polish legislation. The Soviet draft, however, leaves much greater powers to ministers to intervene.

Tewa's workers have issued their statement in reply to a projected government order regulating pay systems for top company management — a crucial issue for company independence.

Space station partners at odds

BY PETER MARSH

DIFFICULTIES remain on bridging the gap between Western Europe and the US over the proposed $12bn manned space station, according to a top official at the 13-nation European Space Agency

A meeting in Washington last week at which the US explained its policies on the station produced an outcome that was "not satisfactory," said Mr George Van Reeth, director of administration at the ESA.

The US is discussing building the station by the mid-1990s, in partnership with Western Europe, Canada and Japan. Last week's meeting was to inform the other countries of the result of an internal US review into policy over the station.

The review, held at the behest of the Defence Department, led to a postponement by a month of the space station negotiations. Agreement between all the countries is scheduled by the summer, to permit the start of development work later in the year.

Mr Van Reeth said that any use by the Defence Department of the base could cause problems for some of the participating nations. This was on the grounds that the station was meant to be primarily for civilian use.

Difficulties also remained, he said, over how the orbiting base was to be managed once it was built. The US's insistence that it would have the final say in deciding on allocation of experiments inside the station might prove a stumbling block.

Officials from the US and ESA are due to meet again in Paris next week in a further bid to resolve the differences.

AMERICAN NEWS

Reagan expected to lift sanctions against Poland

BY LIONEL BARBER IN WASHINGTON

PRESIDENT REAGAN *is* expected to announce today that the US is lifting the remaining economic sanctions against Poland in a symbolic show of support for the *Communist* regime's release of political prisoners and other reforms.

The Reagan Administration imposed economic sanctions against Poland in 1981 when the Government declared martial law and banned the Solidarity trade union movement.

The Polish Congress, a Polish-American organisation based in Washington, said yesterday that its leaders had been invited to a small ceremony at the White House today at which President Reagan would formally lift the sanctions.

US sanctions—which include denial of most-favoured nation trade status to Poland and a ban on official credits—have cost the Polish economy several billion dollars. But Polish officials have said that lifting the sanctions would have no immediate effect on the economy.

The first sign of a diplomatic thaw in the five-year freeze in *relations came with the visit* to Poland last month by Mr John Whitehead, US Deputy Secretary of State, who was on a tour of Eastern Europe.

Mr Whitehead met with the Polish leader Gen Wojciech Jaruzelski and agreed a range of new political and economic contacts between the US and *Poland. Mr Whitehead also* met with Mr Lech Walesa, the leader of solidarity in 1981, and senior Roman Catholic figures.

Lifting economic sanctions has become less controversial in the US since Mr Walesa and Cardinal Jozef Glemp, the Roman Catholic Primate of Poland, have argued that the curbs hurt the Polish people.

The White House refused to confirm or deny that sanctions would be lifted, saying an announcement was premature. But the Polish Congress said that the White House ceremony had initially been for a large number of people and had subsequently been cut down.

Polish imports to the US, which dropped from $450m in 1980 to about $250m in 1985, are *expected to increase* with renewal of the most-favoured nation status, which will reduce the *current high tariffs.*

No decision is believed to have been made however to extend new US credit, although the ban on official credit is expected to be lifted.

Students call off strike at Mexican university

BY WILLIAM ORME IN MEXICO CITY

A STUDENT strike at Mexico's National Autonomous University (UNAM) in Mexico City ended peacefully following agreement by th authorities to suspend an academic reform programme and submit future proposed scholastic changes to a university "congress."

The congress, which has yet to be convened, will be composed of elected representatives of teachers, students, administrators and staff workers, according to a plan accepted by university authorities last week.

The creation of a democratic university congress with *regulatory powers* was a demand of the student strike movement. UNAM administrators also promised not to take reprisals against strike leaders and agreed to extend the academic year to make up for lost class time.

On Tuesday afternoon, 19 days after the shutdown started, student leaders removed banners and barricades from the huge UNAM campus and allowed staff to return to their offices.

With 190,000 graduate and undergraduate students and 150,000 pupils in its affiliated preparatory schools, plus some 50,000 staff and faculty employees, UNAM is among the largest universities in the world.

Armacost calls for Soviet pull-out

A SENIOR US official yesterday called on Moscow to offer a speedy withdrawal of Soviet forces from Afghanistan at UN-sponsored peace talks, Reuter reports from Geneva.

Mr Michael Armacost, Undersecretary of State for Political Affairs, said new Afghan Communist Party leader Najib had failed to win the confidence of rebel fighters in his recent "national reconciliation" effort.

UN Under Secretary General Diego Cordovez, who discussed the issue with Soviet officials last week, will mediate a new three-week round of talks between Moscow-backed Kabul authorities and Pakistan, set to open on February 25.

Mr Armacost, speaking to reporters *in Europe via satellite* from Washington, said the only unresolved issue was a specific schedule for Moscow removing its estimated 115,000 tropps.

"We are not a direct party to the negotiations, but in our view a Soviet timetable must be prompt. A prompt timetable means months... *If not*, the resistance won't stop and the refugees won't come home," he said.

About 2m Afghan refugees live in camps along the Afghan-Pakistan border, and form the backbone of the rebel movements fighting the Kabul government.

Mr Cordovez has been trying to negotiate a peace settlement since June 1982. The talks have stumbled on a timetable, with Pakistan demanding Soviet withdrawal in a *matter of months and Afghanistan* insisting on a period of three or four years.

The US official urged: "One would hope that the Soviet Union intends to fulfill its pledge, namely to withdraw its troops. We await evidence."

Mr Gennady Gerasimov, Soviet Foreign Ministry spokesman, said earlier this week the UN talks could resolve the civil war, now in its eighth year.

Mr Armacost acknowledged that Moscow had recently shown its seriousness about ending its involvement in Afghanistan.

"There is evidence the Soviets are *wrestling with serious issues*. ... After seven years, the Soviets have recognized the considerable burden the occupation of Afghanistan imposes."

He also expressed support for Pakistan

Nancy Dunne and David Owen report on a marked acceleration in state executions

Inmates fight lottery of Death Row sentence

JUST OVER 10 years ago, on January 17, 1977, a 36-year-old man wearing a black T-shirt, white trousers and tennis shoes was strapped into a wooden chair in a prison warehouse in Utah and summarily shot.

The execution—and the events which led up to it—inspired a Pulitzer Prize-winning Norman Mailer novel, a Lawrence Schiller feature film and a hit single by an obscure punk rock band called The Adverts.

More importantly, it brought to an end a near 10-year spell of enforced idleness for US *firing squads, electric* chairs and gas chambers and presaged a marked acceleration in the rate of executions in recent years.

The last US citizen before Gary Gilmore to be killed for his crimes was Luis Monge, who perished in a Colorado gas chamber in 1967. The first to *die after Gilmore was* not executed until 1979. A further 66 Death Row inmates have now shared Gilmore's fate across the 37 states which have *passed new death penalty* statutes.

The reason behind the 12-year hiatus (Gilmore might still be alive today but for opting to waive his appeal rights) was a series of court decisions in the *late* 1960s and early 1970s which highlighted the capricious nature of capital punishment. *Eventually, the Supreme* Court effectively struck down the death penalty in 1972, only to uphold new laws including special sentencing procedures with more elaborate safeguards four years later.

Willie (his real name cannot be used at the insistence of his attorney) is 23 and has been fighting *a date with the* gas chamber for 5½ years. He is one of 29 US Death Row inmates who committed murder as a juvenile (younger than 18) and is awaiting execution as an adult. A psychiatrist, paid by the state, testified in court that Willie is, and always will be a danger to society.

Of the prisoners who have been executed since the US Supreme Court allowed the practice to resume in 1977, six *committed their crimes while* juveniles. Thirty-six states allow capital punishment for the young, almost always for particularly vicious crimes. Indiana sets the *minimum* age for the penalty at 10 years of age, and Montana at 12.

Thus far, however, American Death Rows contain no children. The youngest to be condemned to the death watch now are two black men, one in Arkansas and one in North Carolina, who were found guilty of robbery and murder at the age of 15.

Willie looks like an ordinary young man—skinny, prominent blue eyes, wearing a bandana *to conceal hair loss.* He was *convicted of involvement in* a drug-alcohol-related rape-murder along with four older co-defendants. One of the accused *turned state's evidence, testified* that Willie had committed the murder, and was given probation. Two others received five-year sentences and are now free on parole. The fourth is serving a life term in a behaviour modification/psychiatric facility.

Gilmore: execution marked renewal of death penalty.

"A lot of the time the death penalty will turn on the political climate," says Willie's attorney. "Sometimes it is just the prosecutor running for re-election." Usually, he says, the defendants are suffering mental illness or are retarded. *In Willie's case,* tests showed him to be severely retarded and emotionally unstable.

He says he spends 23 hours a day in his cell writing letters to about 150 correspondents and studying for a high school degree. The other hour is spent walking around a small room or taking one of the two showers permitted each week. He is in protective custody because, as a young man he is vulnerable to sexual attack.

The Supreme Court has yet to rule decisively on capital punishment for juveniles. In 1982 it ducked the issue, requiring only that judges and juries recognise that "the chronological age of a minor is itself a relevant mitigating factor of great weight." It avoided ruling again in 1986 in a last-minute appeal on behalf of Mr Terry Roach, a retarded youth afflicted with an incurable brain disease, who was electrocuted soon afterwards.

Amnesty International yesterday accused the US of being one of only five countries that executed minors, and attacked the death penalty in the US as arbitrary, racially biased and a violation of international accords, Reuter reports from New York.

The human rights organisation said the death penalty *in the US had become* "a horrifying lottery," in which politics, money, race and where the crime was committed could decide whether a defendant went to the death chamber.

Amnesty deplored the fact that several people executed *or awaiting the death penalty* were mentally ill or under the age of 18.

Four *of* the six juvenile criminals executed since 1977 were from Texas, the state holding the record for the most executions. To make its executions "more humane," Texas has begun the practice of death by lethal injection. In December the state attorney general, Mr Jim Mattox, acknowledged that one of the 19 men executed since 1982 may have been wrongly sentenced to die. Two others on death row *also probably should not* be punished by death, he said.

Civil rights attorneys believe he may be referring to men who were convicted of being accomplices in murders and not the actual gunmen. One study two years ago showed that in 35 out of 55 cases, executed men were accomplices rather than the actual murderers, who testified for the state and were given lesser penalties.

Certainly, the restitution of the death penalty *would* appear to be in accordance with the public's wishes. Capital punishment is favoured by 70 per cent of Americans, according to a 1986 Gallup poll, and as such *is* a surefire vote-winner—one of the surest there is, although support drops off when the question of extreme youth is raised.

This augurs badly for the *1,800* or so *Death Row* inhabitants—a figure which has multiplied more than *four* times since *that* morning when they pinned a round, white target to Gary Gilmore's T-shirt and fired four bullets and a blank at the *killer's heart.*

US tax reform hits issue of building permits

By Nancy Dunne in Washington

THE NUMBER of building permits issued in January showed the sharpest monthly *fall in three years, the US* Commerce Department said, reflecting the adverse impact of tax reform on multi-unit residences.

The seasonally adjusted annual rate of housing units authorised declined by 12 per cent, from 1.9m in December to 1.7m in January.

Authorisations for buildings with five units or more, which no longer carry the tax advantages of the past for investors, dropped 20 per cent during the month, while single-family home permits fell 6 per cent.

Bankers fear delay in Brazilian payments

BY IVO DAWNAY IN RIO DE JANEIRO

FEARS ARE growing among foreign bankers in Brazil that a delay on the payment of interest on the country's debts—probably through a centralisation of *exchange controls—is imminent.*

With January's $129m trade surplus at the lowest monthly level since 1982, the common view in Brasilia is not so much "won't pay" as "can't pay."

The measure would involve the compulsory channelling of all foreign exchange transactions through the central bank—a step last adopted in mid-1983 at the height of what may now be considered the country's first debt crisis.

Private sector banks, state corporations and other borrowers from international commercial banks now pay their interest by exchanging cruzados for dollars with the central bank. But the process functions automatically and without restrictions.

If the so-called centralisation of exchange takes place, the central bank will take up the right to delay payments, setting *priorities for which* commitments must be met first.

In 1983, this gave precedence to short-term lines, trade credits and essential imports such as oil and food. But interest repayments on medium term lending got low priority, undergoing delays on repayments of up to six months.

Though such late payments were enhanced by additional accrued interest, the move provoked "nightmarish" bureaucratic problems in assessing liabilities, one foreign banker said yesterday.

Mr Dilson Funaro, the Finance Minister, has denied that any such measure, let alone the more radical option of declaring a ceiling on debt repayments, is in the pipeline. Others, among them Mr Jose Hugo Castello Branco, the Industry and Commerce minister, believe that the arithmetic makes such a move inevitable.

At current interest rates, Brazil needs to earn a monthly trade surplus of some $800m to cover its debt commitments, yet, according to Cacex, the export agency, a full recovery of the monthly surplus to the $1bn a month recorded in the first half of last year is unlikely before June.

Until then surpluses may continue to bump along at little over $100m, threatening to further deplete crucial foreign reserves thought to be possibly under $4bn.

But the rapid deterioration in Brazil's economic prospects appears to be having positive repercussions for the foreign banks in the political arena. Until recently, many left-wing politicians were arguing vigorously for a full moratorium on the country's $104bn foreign debts.

OVERSEAS NEWS

Revenue officials raid offices of BAT's India offshoot

BY JOHN ELLIOTT IN NEW DELHI

OFFICES and cigarette factories of the Indian offshoot of British American Tobacco (BAT) have been raided in major Indian towns and cities by Finance Ministry revenue intelligence officials investigating alleged duty evasion.

Last night, the ministry claimed that evidence obtained during the raids substantiated its officials' allegations that the company, Indian Tobacco (ITC), had been "evading central excise duty on a wide scale."

A spokesman for the company said the raids were "routine inspections" and had "nothing to do to with evasion."

ITC, 32 per cent owned by BAT, is India's leading cigarette manufacturer and has diversified recently into hotels and other businesses. It is the third multi-national company to be caught up in the Indian Government's attack on alleged business corruption.

Last year, the Indian offshoots of Brooke Bond and Bata were raided. Both subsequently issued *public apologies* and negotiated settlements with the Finance Ministry on their alleged breaches of foreign exchange and excise duty regulations.

The raids on ITC are politically significant because they are the first on a major company since Mr Vishwanath Pratap Singh, the Finance Minister, was suddenly switched last month by Mr Rajiv Gandhi, *Prime Minister, to be Defence* Minister. Mr Singh had been widely criticised by industrialists for the style of the Indian Government's crackdown.

Industrialists were last night interpreting the raids as a signal from Mr Gandhi, who is temporarily holding the Finance Ministry portfolio, that the campaign is to continue. But they thought that it would be conducted in a less controversial style, without repetition of earlier arrests of prominent industrialists.

The Finance Ministry last night continued with its controversial practice of publicising *its allegations. Officials of* its Directorates of Revenue Intelligence and Anti-evasion had raided ITC's Calcutta head office, five factories, 23 district *and branch offices, and more* than 90 wholesale dealers throughout India.

Two Malaysia politicians charged in co-op scandal

BY WONG SULONG IN KUALA LUMPUR

TWO PROMINENT Malaysian *Chinese* politicians were charged in court yesterday with criminal breach of trust in connection with the financial scandal surrounding the country's deposit-taking co-operatives.

Mr Wang Choon Wing, Deputy Minister in the Culture, Youth and Sports Ministry, was charged with misappropriating Ringgit 1.9m (£535,000) while Mr Kee Yong Wee, former Deputy Trade *and Industry* Minister, faced two charges of misappropriating Ringgit 3.3m.

They were alleged, together with two others, to have taken the money from Komuda, the young Malaysians economic development co-operative sometime in May last year when they were directors.

All four pleaded not guilty, and were allowed bail totalling Ringgit 5.5m. The case will be transferred for hearing at the high court on February 27.

Mr Kee is head of the youth wing of the Malaysian Chinese Association (MCA), the Chinese partner in the Malay-dominated coalition government, while Mr Wang is an MCA central committee member.

Mr Kee is also a prominent property developer.

Komuda was among 23 deposit-taking co-operatives placed under receivership by the Government last month.

A Government White Paper published last December said the 23 co-operatives had lost more than $300m (£214m) due in part to speculation in the *property and share markets.*

Australia's external debt tops A$100bn

By Chris Sherwell in Sydney

AUSTRALIA'S gross external *debt rose for the first* time above A$100bn (£45.4bn) in the three months ending last September, the Bureau of Statistics confirmed yesterday.

The figures, broadly in line with expectations, reflected both increased foreign borrowing and the continued weakness of the Australian dollar.

They were promptly criticised by Mr John Howard, the leader of the opposition Liberal Party. Treasurer Paul Keating, he *said, had "made history* as Australia's hundred billion dollar man."

Mr Bob Hawke, the Prime Minister, drew attention to the impact of Australia's depreciating currency on an external debt which is measured in Australian dollar terms. Almost half of the increase in debt since mid-1984 had been caused by this, he said.

The Statistics Bureau put gross external debt in September *at A$101.36bn, up from* A$91.18bn in the previous quarter and A$70.96bn a year earlier.

Net external debt, measured after substracting lending abroad and official reserve assets, increased to A$80.71bn from A$72.03bn in the June quarter and A$53.76bn in September 1985.

The country's external debt has been rising rapidly since mid-1983.

Gross foreign debt stood at A$35.6bn in June 1983, and has thus almost trebled between then and now. The currency has weakened from 87 US cents to 66 US cents in the same period.

In the September quarter of last year, the currency averaged around 60 US cents. On a trade-weighted basis, it was around 50 (May 1970=100), although latterly it has been hovering around 53.

The relative strengthening of the currency since last September is likely to have dampened further increases in Australia's foreign debt levels.

Although the debt burden is heavy and a constraint on the economy, well over half of it is private-sector debt. There is also little doubt of resource-rich Australia's capacity to repay.

Druze intensify Beirut attacks

BY NORA BOUSTANY IN BEIRUT

DESPITE a frantic Syrian drive to halt a major confrontation between the Shi'ite Amal movement and left-wing Lebanese parties sympathetic to the Palestinian guerrilla movement, tank battles and rocket attacks intensified yesterday as Druze and Communist fighters sought to isolate Amal pockets in the war-scarred Moslem half of Beirut.

A warning by Syria's military intelligence chief, Brig Ghazi Kanaan, that he would call in more Syrian troops to West Beirut unless combat stopped within the next 24 hours fell on deaf ears, with rival Druze and Shi'ite militiamen fighting street-to-street battles with rocket-propelled grenades and anti-aircraft guns, and launching counter-offensives to regain lost ground.

A push to break the Shi'ite Amal's domination of West Beirut by Lebanese Communist Party regulars, Druze warriors of the Progressive Socialist Party and pro-Palestinian dissidents of the National Syrian Socialist Party continued unabated for the third day.

The casualty toll rose to at least 70 dead and 170 wounded, according to hospital officials and reports compiled by local radio stations.

The unnatural alliance between Lebanese left-wing groups and the Shi'ite Moslem camp, born out of opposition to Christian supremacy in Lebanon's out-dated power sharing formula, was in tatters with this latest contest of force that threatened to upset a balance that has favoured the Shi'ite community since February 1984.

The ferocity of the battles notwithstanding, it was not clear *that the joint effort to dislodge* Amal as the undisputed master of Beirut's jungle had achieved its objective yet.

A military spokesman for Amal, however, noted that the Shi'ite militia was in a corner and described the fighting as "very dangerous."

Intercepted radio messages revealed that the Amal command was unable to get reinforcements in men and material from South Lebanon or the Beka'a.

The Druze PSP militia of Mr Walid Jumblat severed mountain roads linking Beirut's mainly Shi'ite southern suburbs to the Beka'a region and also blocked off coastal access routes to Southern Lebanon.

Though it was impossible to check out the progress of the various militias on the ground, it was established that Lebanese Communist Party regulars and PSP fighters had managed to drive Amal out of the key Tariq Jedide Avenue, previously a Sunni Moslem stronghold and thus a demographic and geographic extension of besieged Palestinian camps on the southern edge of Beirut.

An announcement by the Amal chief, Mr Nabih Berri, to lift a food blockade on Palestinian refugee settlements ringed by his militia for the past four months did not help ease the fighting.

Combat raged around the Hamra district, especially the Commodore Hotel and the Concorde Intersection. Shells crashed into the building housing the Reuters news agency, setting off a fire on the same floor, while a projectile hit the bureau of the US television CBS network.

Residents near the Murr Tower, an unfinished high-rise building straddling the Green Line splitting Beirut into Moslem and Christian halves, said it appeared there were attempts to storm the skyscraper.

The Murr Tower, a landmark *Amal fortification* complete with interrogation cells and prisons, fell to Amal hands on February 6, when a coalition of Shi'ite and other Syrian-backed paramilitary organisations drove the Christian-commanded Lebanese Army of President Gemayel out of West Beirut.

Lebanese communists step on to the stage

BY RICHARD JOHNS

FOR THE first time since the Lebanese civil war began nearly 12 years ago, the Communist Party of the Lebanon has emerged as a major actor in one of its many violent scenes.

It sparked off the latest round of fighting in West Beirut—the worst since November 1985—when the mainstream Shi'ite Amal militia encroached too close to its headquarters.

It was a minor territorial dispute of the kind that over the years has frequently led to outbursts of firin gin the streets.

On this occassion, however, it escalated because of growing strains relating to Amal's dominance in West Beirut and the return of the Palestine Liberation Organisation's armed pre*sence to the south of Lebanon.*

It was sufficient, for the time being at least, to snap the strained alliance between Amal and the powerful militia of the mainly Druze Progressive Socialist Party.

The Communist Party has kept a low profile in the *evolving Lebanese drama* but it has always been a player if only a minor one—"small but perfectly formed," as one Western diplomat put it yesterday.

Founded in 1925, it can claim to be the oldest political body in th ecountry. Together with the Syrian National Socialist Party—which believes that Lebanon should be incorporated into "Greater Syria"—it is exceptional in being non*sectarian.*

Mr Hussein Mroweh, one of its leading intellectuals, who was assassinated by unidentified gunme non Tuesday, comes *from one of the most prominent* bourgeois Shi'ite families. Christians, though, tend to

The Communist Party has kept a low profile in the evolving Lebanese drama, but has always been a player if only a minor one—'small but perfectly formed,' as one diplomat puts it.

predominate—as they do in the Marxist factions of the Palestinian movement.

In typical Lebanese style its membership, numbering only 1,000-2,000, has tended to be bourgeois, albeit somewhat *petit*, and Mr George Hawi, its *leader*, is very much a businessman of the white-suited variety.

At the same time, the CPL has a small but well-equipped and well-trained fighting capability. Hitherto, it has concentrated on collaborating with the non-Islamic "Lebanese National *Resistance*" in the south of the country and in particular, Marxist Palestinian factions.

Despite the turmoil and tension last month over hostages, as the US built up its naval presence in the Eastern Mediterranean, the party held its fifth general congress in Baqlin, just south-east of the capital.

The occasion was honoured by the presence of one of the Soviet Union's Central Committee's top foreign affairs experts Karin Berenns, who took the opportunity to warn against American military intervention.

It was addressed by Mr Abdullah al-Ahmar, Assistant Secretary-General of the Syrian Ba'ath Party and also Mr Walid Jumblatt, the Druze leader.

Their participation was entirely to be expected because the party has maintained close and loyal links with Moscow and, hitherto, Damascus.

Equally predictable, if less logical, was the attendance of Mr Walid Jumblatt, who remains very much a feudal chieftain in the manner of his father who, nevertheless, was awarded the Order of Lenin for services to the cause which have never been very clear.

In 1976, during the first phase in the civil war, Mr Jumblatt was the prime mover in the for*mation of the "National Movement"* set up to confront the Christian alliance.

Other members were the SNSP, the CPL, the Ba'ath Parties owing allegiance to both Syria and Iraq, and the Murabitun (the Sunni militia more or less obliterated by Amal last summer). Their common cause, apart from ending Maronite Christian hegemony, was support of the PLO.

Amal has now accused Mr Jumblatt, the CPL and the PLO of trying to resurrect the "National Movement"—though the Druze leader, with his call for a "Lebanese-Palestinian-*Syrian alliance,*" is clearly anxious not to alienate the Damascus regime.

The latest conflict can only strain the Communists' ties with Syria, but, by the same criterion, must complicate Syria's relations with Moscow which continues to support the mainstream PLO led by Mr Yassir Arafat.

It is one of those contradictions which abound in the kaleidoscopic chaos of Lebanon where, on the Palestinian issue, Syria finds itself opposed by its allies Libya and Iran which are pursuing the same line as its pro-PLO enemy Iraq.

Ramos to stay on, says Aquino

PRESIDENT Corazon Aquino of the Philippines yesterday rejected suggestions that Gen *Fidel Ramos is about* to be removed from his position as Armed Forces Chief of Staff in a widespread reorganisation of the military, **Richard Gourlay** writes.

Mrs Aquino rejected the idea at a Cabinet meeting after a leaked report to a Manila newspaper from a military intelligence agency said restiveness was growing among officers about Gen Ramos's leadership.

It is the latest incident reflecting recurring friction within the ranks of the armed forces and between military leaders and close advisers of President Aquino.

The report accused Gen Ramos of being "weak and vacillating" in the way he is handling the campaign against Communist insurgents and discipline within the badly-divided ranks of the military, the Manila Chronicle said.

Senior Government officials leaving the Cabinet meeting said Mrs Aquino reiterated her support for Gen Ramos, and said he would remain in the armed forces until the end of the three-year *term allowed* in a newly-passed constitution. Soviet experts."

Libyan executions

Libya has televised six men being hanged and three soldiers shot by firing squad in the country's first reported public executions in three years, **Reuter reports.**

The nine were accused of treason and various acts of sabotage, including plotting bombings and assassinations.

Libyan Television, which screened the executions last night, said one of the soldiers had attended meetings "with *the intention* of assassinating Soviet experts.'

Universities shut

All five Arab universities and three colleges in the occupied West Bank and Gaza Strip were closed yesterday and Israeli officials said a Palestinian was killed and two Israeli soldiers wounded in the tenth consecutive day of fighting, AP reports.

Israeli military officials said a taxi driven by a Palestinian veered into an Israeli patrol near the West Bank city of Nablus, knocking down two soldiers before the driver was killed.

British Airways orders Boeings

By Michael Donne, Aerospace Correspondent

BRITISH AIRWAYS, the newly-privatised UK flag airline, has placed a £150m order with Boeing of the US for a further three twin-engined short-to-medium range 757 jet airliners and one four-engined long-range 747 Series 200 Jumbo combined passenger-freighter jet.

This deal follows that announced late last year for 16 of the advanced, very long-range Boeing 747 Series 400 jets, for delivery from 1988-89, with another 12 on option, which eventually will cost over $4bn.

The new orders are necessary to help the airline meet traffic growth on both short-to-medium haul routes in the UK and Europe and on long-haul operations world-wide. The airline has pursued for some time a policy of buying new aircraft progressively to meet expected traffic growth.

Deliveries of these latest jets will start next year, and will bring BA's total 757 fleet to 29 aircraft, and the 747 Jumbo fleet to 35 aircraft.

Rolls-Royce will get a substantial share of the deal, for its RB-211-535C engines will power each 757, while the more powerful RB-211-524D "upgrade" engines will be used on the 747s.

● Short Brothers, the Belfast-based aerospace manufacturer, has won an order from Philippine Airlines (PAL) for four of its Type 360 36-seat turboprop airliners, with an option on two more, worth in all about $30m. Delivery will start later this year.

Sir Philip Foreman, chairman of Shorts, said that this latest order for the 360 followed previous deals with China, Thailand, and Malaysia, and brought to more than 50 the number of Shorts-built airliners operating in the Pacific basin.

The aircraft for PAL are being supplied under operating leases from the Shannon-based GPA aircraft leasing finance organisation, which is buying the aircraft from Short Brothers.

Singapore ship design company wins orders

By Steven B. Butler in Singapore

VOSPER-QAF, the wholly-owned subsidiary of QAF, the Brunei-controlled diversified investment company, has announced a pick up of orders for its naval design and logistic support services.

It has concluded a design licensing agreement with what it describes as a major East Asian navy for up to 16 anti-submarine patrol vessels, along with S$3.5m ($1.7m) of orders for specialised equipment for these craft.

Work on six of the vessels has started, which would bring royalties of S$1.5m. Total value of the vessels, which are not being built by Vosper-QAF, is S$60m.

Mr Brian Morrison, managing director of the company, said that Vosper-QAF was currently pursuing new international contracts in excess of S$600 and expected a sharp increase in the company's business volume, which this year is expected to be in the rang of S$15m.

The company concentrates on the design of specialised naval vessels ranging in size between 60 and 12,000 tonnes.

Vosper-QAF until January of last year was the Singapore subsidiary of Vosper, the listed UK company that went into receivership last year. When the Singapore subsidiary was placed into liquidation, QAF purchased the company's intellectual design property and set up a subsidiary that retained its technical design, quality control, logistic support and commercial staff.

Indonesia gives wary welcome to Japanese helping hand

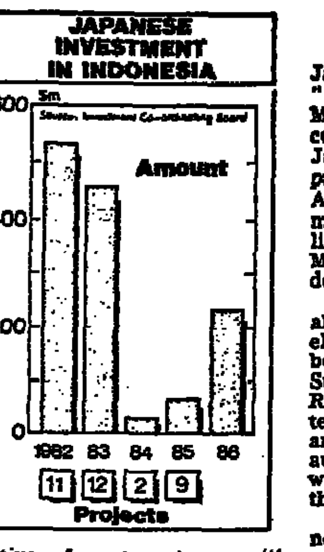
John Murray Brown reports on a relationship based on necessity

SLOWLY but surely Japan's presence in Indonesia is growing in a way not seen since the period of war reparations in the 1950s. This week Japan's Exim Bank extended a $900m loan, the latest and most significant effort to prop up its ailing Asian neighbour.

Perhaps more remarkable, the loan is untied, at a time when Japan faces criticism from the US that it uses Government aid to bolster its export effort. The loan will provide badly needed local cost financing for development projects which might otherwise have been shelved.

Japan, Indonesia's leading trading partner, is already the main aid donor. However, Indonesia's economic downturn has been matched by an equally dramatic decline in Japanese private sector investment in the world's fifth most populous nation. As earnings from oil (Indonesia's principal export) collapsed, so consumer demand has all but dried up.

Meanwhile, Indonesia's high cost economy provides little incentive for exporters, with locally-produced goods remaining uncompetitive at international prices.



"It's no longer a matter of profit and loss," says one Western diplomat, commenting on Japan's renewed commitment, "it's now a strategic necessity." More than any other Asian country Indonesia provides Japan with key raw materials, particularly oil and natural gas. At the same time, Indonesia remains vital to Japan's trade links with Europe and the Middle East, controlling as it does the Straits of Malacca.

Japan's new tack, coming ahead of Indonesia's national elections in April, could hardly be more timely for President Suharto. After devaluing the Rupiah by 45 per cent in September, the 65-year-old retired army general announced an austerity budget in January which offered little comfort to the country's 165m people.

Economists predict nil or negative growth this year, a current account deficit of $5bn and a debt service ratio of close to 40 per cent, dangerously high at a time of shrinking exports.

Discussions are under way with the International Monetary Fund over a possible loan under the compensatory fund facility normally reserved for non-oil commodity producers suffering deteriorating terms of trade. Bankers in Jakarta expect the government to tap the money markets in the first quarter this year and do not rule out the prospect of an IMF standby facility.

This latest Japanese loan, though likely to be less concessionary, is seen to have few of the strings normally attached to a facility from the Fund.

Tokyo's commitment also ends earlier fears that Japan was looking to China to diversify its raw materials supply at Jakarta's expense. For all that, the popular perception of Japan is wary, not to say suspicious. President Suharto last week warned that co-operation with Japan should be "mutually beneficial," suggesting the ambivalence that has long characterised relations.

Indonesia's head of investment, Dr Ginanjar Kartasasmita, recently delivered a stinging rebuke to Japan in response to charges that the investment climate in Indonesia was now worse than that of Malaysia and Thailand. The Tokyo-educated Mr Ginanjar said the Government would not "sacrifice basic principles to attract Japan."

Many people remember the anti-Japanese riots which flared during the visit to Jakarta of Mr Tanaka, Japan's former prime minister, in 1974, a time when Indonesia's capital city was said to look increasingly like Osaka or Tokyo.

Television advertising has since been banned and Japanese billboards have largely disappeared. Doubts persist, however: "We don't want to be monopolised," says Prof Barli Halim, head of investment at the time of the riots. "Our relations should always be in balance," he says, expounding the Javanese philosophy in all things.

In a bid to break the Japanese stranglehold, Jakarta last year concluded liquefied natural gas (lng) agreements with South Korea and Taiwan, where formerly Japan was the sole customer. Indonesia's central bank reportedly offered improved interest spread to attract more non-Japanese banks on the recent $350m syndicated loan signed in Tokyo in December, but to no avail.

The downward spiral of Japanese private sector investment has been still more dramatic. Historically only the US has attracted more than the $5.18bn Japan has invested in Indonesia in over 200 joint venture projects, from manufacturing to plywood, textiles and fish products.

Japanese capital has helped found most of Indonesia's major industries. Some Y52bn (£222m) was invested in an lng plant in north Sumartra in the 1970s. Almost $300m was sunk into the construction of the Asahan aluminium project, also in Sumatra. From a high of $460m in 1983, investment slumped to $63m in 1985, recovering last year to $239.7m, $193.6m of which was absorbed by one petrochemical plant, a joint venture with Asahi Glass Company.

This apparent cold shoulder is all the more galling when Japan's private sector is trying to offload its huge $80bn trade surplus to escape the high domestic costs of an appreciating Yen.

The Government has belatedly been shocked into reform, improving the rules for divestment to local partners and doubling areas open to foreign joint ventures. However, despite growing public criticism, many of the key industrial monopolies the principal reason for the country's high cost economy, remain intact.

Paradoxically, some economists believe Japan's latest aid initiative may once again undermine the calls for reform.

Romanian trade falls 11%

By Leslie Colitt in Berlin

ROMANIA SUFFERED an 11 per cent fall in the volume of its foreign trade last year mainly as a result of low prices for oil products which are an important Romanian export to the West.

Mr Nicolae Ceausescu, the Romanian President, said recently that a "compulsory norm" would have to be set under which at least 50 per cent of the increase in annual industrial output would be exported. "Unjustified consumption" at home, he said, was no longer acceptable.

Romania's net hard currency debt, estimated at more than $6bn, may have risen further because of the poor export performance.

Mr Ceausescu said a "balanced trade" would have to be achieved in order to "entirely eradicate, very soon," Romania's foreign debt. He said Romania would pay back ahead of time "several hundred million dollars" of debt and "at least $1bn" by the end of this year.

Romania is estimated to have more than 10m tonnes of idle oil refining capacity because of the depressed world oil market.

Swiss engineering expects downturn

The Swiss engineering industry is expecting poorer results this year because of the effect of the dollar's fall on orders, according to the Swiss Association of Machinery Manufacturers (VSM), John Wicks reports from Zurich.

The association said that the only question was how much poorer this year's figures would be than those for 1986. Its figures indicate that so far the full impact of the weak dollar had not been reflected in business volume because of the industry's long production lag.

For 1986 as a whole, turnover of the 200 leading VSM companies was up by 6.7 per cent to SwFr 19.2bn ($12.5bn). However foreign orders were down in third and fourth quarters compared to 1985 figures.

Hungary-Italy accords

Hungarian Prime Minister Gyoergy Lazar and Italian Premier Bettino Craxi signed agreements renewing a bilateral economic co-operation accord of 1974, renewing Italy's $150m line of credit to Hungary, and guaranteeing the promotion and protection of investments, AP reports from Rome. The statement said the accords serve to boost the bilateral commercial trade "which has been stagnant in recent times."

Turkey to favour foreign bidders that make offset arrangements

THE TURKISH Government is advising foreign companies bidding for tenders that it would give preference to those which can arrange offset deals for Turkish exports to cover part of their costs, an official in the Undersecretariat of the Treasury and Foreign Trade said yesterday, David Barchard writes from Ankara.

The move applies to all public sector import orders of more than $1m, as well all international tenders.

The official said that the move was aimed at countries such as Japan and the US with which Turkey had a permanently unfavourable trade balance.

He said one or two Japanese companies had told the Turkish Government they would try to arrange offset deals. Sumitomo, which is expected to install Turkey's second television channel network, is believed to have offered to find offset financing.

"We are not looking for direct offset deals, the official said, adding that the Undersecretariat of the Treasury and Foreign Trade is willing to help foreign companies interested in offset deals.

He added that the only major offset deal that Turkey had so far negotiated—a commitment by General Dynamics of the US for $120m over ten years as part of a project to manufacture F-16 fighter jets—was so far proving disappointing. "The offset is running at around half the expected level."

Business circles here, however fear that if companies do make offset guarantees this might cause awards to be made to groups which would otherwise not have stood much chance of winning them.

Polish car factory prefers Daihatsu deal to Fiat's

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S FSO car factory is urging the Government to accept an offer by Daihatsu, of Japan, to modernise the company's Warsaw works. Diahatsu's rival for the work is Fiat of Italy.

The project which aims to produce 120,000 units a year of a new medium-sized model with around 30,000 cars destined annually for export to the West requires western financing of up to $200m and a domestic input of about Zl 150bn ($625m).

The FSO democratically elected workers council is empowered to approve investment decisions and the fact that it gave the edge to the Daihatsu offer strongly implies that the works' management is also in favour of the Japanese bid.

The council concluded that Daihatsu was offering a more modern model than Fiat, which would involve lower production and energy costs and would be cheaper to run once sold. It also maintained that the Japanese company offered better financial terms.

The Daihatsu licence, the council concluded, was cheaper, loan repayment terms more favourable, the investment costs were lower and the export agreement the Japanese were offering was also better than Fiat's.

The Polish Government, which is empowered to release zloty credits for the project, is still hesitating over its decision.

The Italian authorities have said they are ready to back a $1.7bn loan package for credit-starved Poland for modernising the other Polish car factories and other facilities connected with the motor industry.

Fiat is due to modernise the FSO plant in the south to produce a new small car for sale in the West in the 1990s.

Guinness chooses an aristocrat in the marketing stakes

Lisa Wood profiles Anthony Tennant (right), Guinness's choice as chief executive, while below **David Lascelles** reports on Michael Julien, whose move to Guinness is the biggest blow yet to Eurotunnel

MR ANTHONY TENNANT, who will become chief executive of Guinness next month, is one of the aristocrats of the wine and spirits industry.

One City of London colleague says: "He is a man with a world knowledge of the alcohol business. Mind you, give him the choice between a boring meeting and the races at Cheltenham, and there is no doubt that he would choose the races."

For all his old Etonian manner, Mr Tennant is credited with much of the success of Grand Metropolitan's IDV wines and spirits division, where he has been managing director since 1977 and chairman since 1983.

With a portfolio of brands such as Crofts sherries, Bailey's Irish Cream and distribution rights to products such as Grand Marnier, the division's operating profit has grown in the five years to 1985 from £36.2m to £149.6m.

Hired because of his marketing talents, Mr Tennant's immediate task at Guinness will have more to do with public relations. His will be the critical job, alongside Sir Norman MacFarlane, the chairman, of restoring the company's confidence and credibility.

Guinness's reputation – and its share price – have been savaged by the Department of Trade and Industry's investigation into share dealings during its takeover of Distillers, the Scottish whisky and drinks group, last year.

The investigation led to the resignation of Mr Ernest Saunders, the former chairman and chief executive and architect of the Guinness business as it now stands.

Mr Tennant had been tipped as a possible heir apparent to Sir Stanley Grinstead, chief executive and chairman of Grand Metropolitan. In the event, Mr Allen Sheppard, group managing director of GrandMet, was appointed group chief executive last November.

One City analyst said: "This was and remains the right decision. GrandMet needs to project itself to the City, and Allen Sheppard is the man to do thet."

The task facing a chief executive at Guinness is different. "The City is not looking for a charismatic figure in the mould of Mr Saunders," one analyst said. "Mr Tennant's appointment is a clear indication that Guinness will be concentrating on sorting out its core alcohol business.

"It signals that its other activities such as retailing are relatively low on the list of priorities and disposals should not be ruled out."

Guinness is already established as an important international drinks business with brands including Johnny Walker scotch whisky and Gordon's gin. The shorter-term strategy, as devised by Mr Saunders, is currently being implemented by the able body of senior managers he recruited.

These include Mr Vic Steel, managing director of the beverages business, who is currently rationalising and reorganising at Distillers. Mr James Espey, his deputy, was formerly managing director of IDV's UK business.

The major task of Guinness's new chief executive will be to re-examine the longer-term strategy of a drinks business which had set its sights on being the world's major beverages company.

Friends – and critics – of Mr Tennant see him as capable of successfully re-examining and re-presenting that strategy to the City. However, while Mr Tennant at IDV may have identified acquisitions – such as Hueblein, the US drinks business which was bought by GrandMet last month – it was Sir Stanley Grinstead who established the broader corporate strategy.

It is obviously yet to be seen whether Mr Tennant will develop a close working relationship with Mr Michael Julien, the Eurotunnel deputy chief executive who joins Guinness next month as its managing director for finance.

Mr Tennant's predecessor was very much a hands-on manager who enjoyed being involved at every level of his business. Mr Tennant is said to be more aloof and a delegator.

However, a business colleague said: "Just because Anthony has a much quieter style than Ernest Saunders, it does not mean that he will not be just as ruthless in ensuring he has a professionally managed business. Neither is he a short-term fixer. He is a long-term thinker with a clear, cool brain."

One of the major tasks facing Guinness is the re-focusing of its Scotch whisky business. Critics of Mr Tennant point out that J & B Rare, IDV's major Scotch whisky blend, has lost market share in the US, the single most important scotch whisky market. That market share was picked up by Distillers with its Dewar's brand.

However, Mr John Dunsmore, of Wood Mackenzie, the Edinburgh-based stockbroker, said: "IDV was in the long term more sophisticated than Distillers. It recognised that the US was a saturated scotch whisky market and decided that it was better to expand new whisky markets internationally and develop new brands in growth categories within the US."

"So, while Dewar's is the number one scotch whisky brand in the US, it has declining volume sales worldwide. In contrast J & B Rare has more than made up for lost sales in the US in new markets. In addition, it has developed the sales of dynamic brands such as Absolut Vodka and Grand Marnier."

New brand development has consistently been acclaimed as a strength of IDV and, in similar proportions, a major weakness of Distillers.

Guinness's gain must be GrandMet's loss. However, Mr Tennant's departure is viewed by GrandMet with mixed feelings. His marketing talent will be sorely missed. But he has built up a strong team, according to the City, with Mr George Bull, IDV's chief executive, enjoying a good reputation among his peers in the drinks industry.

There is also an internal political dimension. Upon Mr Sheppard's appointment as chief executive, Mr Tennant was appointed deputy group chief executive with responsibility for all GrandMet's drinks interests, which include brewing. It was a large group of responsibilities that some in the City believed to have been specifically created to accommodate Mr Tennant.

GrandMet's announced yesterday that the vacated post will not be filled and the respective companies will now report directly to Mr Sheppard.

Eurotunnel loses one of City's sharpest minds

OF ALL the shocks which Eurotunnel has suffered in its brief but turbulent existence, the departure of Mr Michael Julien, the deputy chief executive, to become Guinness' managing director for finance, must be the greatest.

It was not only totally unexpected, but it deprives the Anglo-French company of its top executive on the British side – and one of the sharpest minds in the UK financial establishment.

Not surprisingly, Mr Julien spent most of yesterday trying to reassure astonished callers that he was not quitting a sinking ship but was leaving for sound commercial and career reasons – and that he still believes the tunnel stands a strong chance of being built.

"I rate the prospects exactly the same as before. The boardroom problems and the publicity have not helped. But they have made people much more conscious of the importance of this project."

When Mr Julien, who is 48, accepted the job last July, he seemed to have the ideal qualifications. His background combined industry (as finance director of BICC) and finance (three years of troubleshooting at Midland Bank, where he helped dig itself out of the huge hole created by Crooker National Bank).

Articulate and capable of considerable charm, he also possessed precisely the powers of persuasion needed to get the historic project off the ground.

But whereas last July Mr Julien was talking of Eurotunnel as "a unique challenge," yesterday he was implying that he no longer felt his skills were appropriate to it. "I have not filled any big holes here at all," he said.

He justifies this rather surprising statement by pointing to the huge amount of work that has been done at Eurotunnel in the last six months to put an effective team together.

"We have good project people, good finance people. The new co-chairman (who will be announced on Friday) will also be able to handle the public relations and the marketing side of the project. Therefore, I asked myself: what is my role here?"

What Eurotunnel needs now, he says, are project management and engineering skills "and these are skills which I have not got."

However, Mr Julien could be misjudging his skills. He himself admitted yesterday that, while Eurotunnel now seems to have stronger political support and enjoys the backing of the banks, "the investment community still needs to be convinced."

This would strike those people who know him as precisely the area where his skills are strongest. But Mr Julien believes that the other members of the Eurotunnel team he has recruited on the financial side have all the abilities needed to draw in the investors.

He rated Eurotunnel's chances of completion at "well over 50 per cent" but declined to be more precise than that "because there are other rooks in the way."

But he felt encouraged by all the recent controversy about the project because this had raised awareness of the magnitude of the task and ensured "that it will not be left to bumble on its own. It needs the support of the establishment if it is to succeed. The French have always been more conscious of this."

Mr Julien denies that he angled for the Guinness job or signalled his availability. From the very first day of his appointment to Eurotunnel, he says, the headhunters were sending him letters trying to persuade him to move.

"They just won't take no for an answer." So when the headhunter from Guinness came, "it was nothing new, but it was a very particular opportunity."

So Mr Julien will now observe the tunnel's progress from Guinness headquarters in Portman Square – if he has the time. It seems unlikely that he would have made the switch if Guinness was scandal-free and running smoothly: he has a taste for difficult situations which give him scope for self-expression rather than standard solutions.

"A very large company has to be put together there. There is the whole process of merging Distillers and Bells and creating what is effectively the third-largest drinks company in the world. That would be a major task even without recent events. It's something to get my teeth into, I'm a bit of a glutton for these sorts of things."

The "annoyances," as he calls them, that Guinness has suffered are not so deep-rooted that they cannot be cured. And the job, he believes, is to make the most of the public's short memory and also, to some extent, its ignorance of what Guinness is all about.

"How many people connect Johnny Walker with Guinness?"

He thinks Guinness is "a super company, and I'm sure it will move on to the high lands."

Michael Julien: still believes in tunnel

Indicators favour autumn election

By Janet Bush

SEVERAL KEY economic indicators will be running in the Government's favour if it chooses to hold an autumn election, according to the latest forecast by the Oxford Economic Forecasting group.

The group suggests that the official unemployment total should have fallen to under 3m by this stage in the year, that the rate of inflation, although on a rising trend, should still be under 5 per cent and that consumer spending and retail sales would have remained buoyant as real incomes continued to rise.

It noted that, although the Government had benefited from unexpectedly weak commodity prices, it had also had to cope with the effects of the sharp fall in oil prices on the current account and its own revenues and still-high earnings growth.

"Against this background, the Government has arguably been fairly successful in creating the economic climate and short-term prospects which should further its chances of being re-elected," it said.

Taking a longer-term view of the economy beyond a possible election in the autumn, the group points to some enduring problems. For example, it suggests that most of the fall so far in the official unemployment total had been due to the expansion of the Government's special employment and training schemes. Further reliance on these schemes underly its assumption of a fail in unemployment below 3m.

On inflation, earnings growth is expected to slow only a little over the next two years, and the effects of sterling's decline and prospects for a continuation of its downward trend will put upward pressure on both manufacturers' input prices and on the prices of imported manufactured goods.

These pressures are expected to push retail price inflation up to around 5 per cent by the end of the year, despite the recent weakness of the dollar and an easing in labour costs.

● The budget should provide the climate for an early cut in interest rates to help industry expand, Mr David Nickson, president of the Confederation of British Industry (CBI), said yesterday.

In a speech to business leaders in the City of London he said that the current level of interest rates against competitor nations prevented British business from expanding more quickly and restrained investment and overseas sales.

He said Mr Nigel Lawson, Chancellor of the Exchequer, should not do anything in the budget which would risk any weakness in sterling and, therefore, higher interest rates. "We have a unique window of opportunity. The terms of trade have improved by 17 per cent against our competitors. What we need is stability," he said.

Mr Nickson also called on businessmen to take a longer-term view und urged an end to what he described as a "make a quick buck" short-term philosophy.

"We need to be able to invest, confident in the knowledge that expenditure and investment for the future, which may not produce returns for shareholders for three, five or 10 years or more, can be undertaken."

Working changes may threaten 50,000 jobs, says pit union

BY CHARLES LEADBEATER, LABOUR STAFF

REVOLUTIONARY CHANGES in mining technology and working practices planned by British Coal could lead to the loss of more than 50,000 coal mining jobs over the next few years, the National Union of Mineworkers (NUM) warned yesterday.

A special report in the union's journal, The Miner, says the proposed changes to working practices will be the most important industrial issue facing the union in the next year.

Sir Robert Haslam, British Coal's chairman, is seeking to persuade the unions to accept far-reaching changes in working practices, including the introduction of six-day production, to ensure that investments in capital equipment are fully utilised.

While local negotiations have begun on the introduction of six-day production at the proposed mine at Margam, South Wales, there have as yet been no national talks on the changes.

The report makes it clear that the NUM and British Coal could be heading for a clash over the proposals to change working practices.

The special report gives a warning that many of the changes will lead to worse working conditions and higher accident rates. Plans to open some pits for six-day coal production, with miners working four longer shifts rather than the traditional five, would make it almost impossible to achieve reductions in the working week in the future, the report says.

British Coal plans to raise productivity by further cuts in coalface teams. Five-man face teams are standard at the modern Selby pit in Yorkshire, and British Coal plans to introduce the first two-man coalfaces later this year.

The report also says that a government review of the health and safety legislation of mines is being undertaken. It claims that wholesale changes to regulations governing the use of electricity, explosive, mines transport and winding gear have already been drafted.

Plans to raise productivity through the introduction of new bonus incentive systems will lead to higher accident rates, the union says. It also gives a warning that plans to cut craftsmen's jobs through the introduction of automated maintenance systems, and automatie fire protection devices, and proposals to increase the use of private contractors, will lead to a higher accident rate.

Productivity call, Page 8; Editorial comment, Page 14

UK NEWS

Rover decision near as speculation favours Daf

BY PETER RIDDELL, POLITICAL EDITOR

A GOVERNMENT announcement on the future of the Rover Group, the state-owned car and trucks company, appears to be imminent, possibly later today, amid growing speculation at Westminster that control of Leyland Trucks will be sold to Daf of the Netherlands.

The timing is still not definite. This depends on final approval this morning by the Cabinet to which any recommendation by its economic strategy committee will have to be reported. Government officials refused to comment last night, given the sensitivity of the issue.

Mr Paul Channon, the Trade and Industry Secretary, is expected to announce substantial further support for the Rover Group, particularly to finance new investment for Austin Rover. This follows a request for between £350m and £400m of further backing in the corporate plan submitted last December.

The announcement is likely to concentrate on the disposals programme and the intention to privatise the group.

Growing speculation at Westminster about the sale of Leyland Trucks to Daf surfaced in a Commons motion tabled by Mr Malcolm Bruce, the Liberals' employment spokesman.

He claimed that the proposal would lead to the transfer of manufacturing to the Netherlands over five years with the direct loss of 7,500 jobs in the three plants at Watford, Lancaster and Glasgow and the consequential loss of around 15,000 additional jobs in dependent plants.

Mr Bruce, who was also pressed for an immmediate government statement, said that Paccar of the US, the alternative bidder for Leyland Trucks, had "far greater financial strength," already owned Foden and had given the assurance of maintaining employment in the UK.

The issue is certain to be raised in the House of the Commons today with controversy over both the possible scale of redundancies and the identity of the buyer.

Last night Mr John Smith, Labour's trade and industry spokesman, said the party believed that Leyland Trucks should stay in the public sector, being supported through to success. He did not believe it should be sold at all.

MPs from Midlands motor industry constituencies will be watching closely to see what Mr Channon says about future model developments at Austin Rover, and whether there will be developments of new cars at the lower end of the market.

MPs are concerned about the balance of development between the major plants at Longbridge, Birmingham, and Cowley, Oxford.

Half-year £88m loss on cars

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

ROVER GROUP'S cars business, ARG (Holdings) in which Austin Rover is by far the major part, suffered a net loss of £88m in the first half of 1986, according to documents submitted to the House of Commons Trade and Industry Select Committee yesterday.

Mr Andy Barr, Austin Rover's managing director, operations, said there was no reason to suppose the performance in second half-year wold show any improvement.

ARG, which also takes in the Istel computer services company and SU Industries, a components business, was set up in 1983, and since then its net losses have risen from £10m to £63.5m in 1985.

Rover gave only a distorted indication of its performance in its half-year statement which showed that ARG had an operating loss of £60.9m.

Austin Rover was the only one of the "big three" car makers in Britain not to forecast major production increases when giving evidence to the committee.

While both Ford and General Motors, the Vauxhall group, predicted output rises of up to 30 per cent by the early 1990s, Mr Barr said Austin Rover "must learn to survive on what we have now."

He suggested that his company this year would do well to stop the fall in its car output which had dogged it for some years. "Then perhaps we can start growing again."

Mr Barr revealed, however, that Austin Rover expected to boost productivity substantially in 1987. Measured by the number of cars per employee produced in a year, productivity doubled between 1979 and 1983 to 12.1 vehicles, he said.

The fall in Austin Rover's production last year, from 465,000 to 404,500 vehicles, reduced the output per employee to 11.5 vehicles. This year the figure would rise to 14.

Mr Barr said that was an impressive way of measuring productivity, and in real terms the improvement would be even greater because next month Austin Rover would begin labour-intensive production of a Honda-designed gearbox which so far has been imported built-up from Japan.

He insisted that Austin Rover wanted to remain a volume car business and that that would not be possible if the company stopped building small cars such as the Metro.

Minister postpones action on councils

By Michael Cassell

THE GOVERNMENT has been forced to shelve controversial proposals to enforce competitive tendering on local councils and to ban the spending of ratepayers' money on political propaganda.

Mr Nicholas Ridley, Environment Secretary, told the House of Commons yesterday that the plans, together with measures to prevent councils from inserting political conditions in contracts, were being postponed and would be enacted at the first opportunity – "whether before, or after, the general election."

His announcement led to immediate Labour taunts that the Government was abandoning a key element of its legislative programme, in the face of mounting opposition from Conservative-controlled councils, in order to clear the decks for an early election. The decision was greeted with clear disappointment by Tory MPs.

Only two weeks ago, Mr Christopher Chope, the junior Environment Minister, said proposals for implementing compulsory competitive tendering on six local authority services would be in the new Local Government Bill.

But Mr Ridley said work on the bill was running very late because of the time taken in drafting the Local Government Finance Bill, introduced in December when ministers discovered that the procedures for fixing rate support grant was legally flawed.

He told MPs that the bill in its complete form could not have been introduced for at least another month, making Royal Assent in the current session of parliament – due to end in July – almost impossible.

Dr John Cunningham, Labour's environment spokesman said the real reason for the climbdown was that the Government was "running scared" of the electoral consequences of plans which would undermine thousands of local government jobs.

The shelved proposal to enforce councils to put some services out to tender has provoked considerable opposition among some Tory authorities, which have cast doubt on the extent of likely savings and on the compulsory aspect of the legislation.

The shortened Local Government Bill will, nevertheless, enshrine in legislation the ban, announced by the Government last summer, on the use by councils of deferred purchase schemes – the so-called "creative accounting" strategy designed to circumvent restrictions on annual budgets.

It will also speed the sale of redundant land held on local authority land registers and impose new financial restrictions on councils co-operating with the private sector in housing construction programmes.

N-plant cancer links 'not established

By David Fishlock, Science Editor

NO DIRECT LINK has been established between cancer clusters and British nuclear factories and power stations, according to the latest and largest national survey, involving more than 12m cancer cases registered in England and Wales over more than 20 years.

The survey, by medical scientists using the data of the Office of Population Censuses and Surveys, examines the localities close to all nuclear factories and power reactors in England and Wales including the Sellafield, Cumbria, factory of British Nuclear Fuels and the Atomic Weapons Research Establishment, Aldermaston, Berkshire.

It found no indication of an abnormal pattern of leukaemia in the locations where power station nuclear installations were in operation.

The Government has released the report as rough proofs, after charges from nuclear project opponents that it was suppressing publication of a potentially embarrassing report

Administrators move in at Vosper Shiprepair

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

VOSPER SHIPREPAIR, the Southhampton company taken over by its management from British Shipbuilders two years ago, yesterday announced the appointment of administrators from Price Waterhouse, the accountancy firm, to administer the company.

This is a new procedure under the 1986 Insolvency Act intended to increase the opportunities for maintaining financially troubled companies as going concerns.

Mr Mark Homan, director of insolvency services for Price Waterhouse, said there was little chance of keeping the company in business, however.

The company is understood to have work in hand for only a few weeks and no further orders. Creditors are understood to be claiming £4.5m.

Mr Homan said it was unlikely that the business could be restructured and returned to profit. The administrators' strategy would be to cut the workforce of 200 to the minimum needed to keep the yard open

Unilever cuts 500 jobs in edible fats business

BY LISA WOOD

UNILEVER, the Anglo-Dutch food and consumer products group, is to shed up to 500 jobs and invest £18m in its UK margarine and edible fats business as part of a rationalisation to fend off growing imports in an increasingly competitive market.

The re-organisation at its Van den Berghs Jurgens yellow fats factories at Bromborough, Merseyside, in north-west England, and at Purfleet, on the Thames estuary, are part of a four to five-year strategic plan for the division.

Van den Berghs, with an estimated 50 per cent share of the total UK yellow fats market with brands including Flora and Krona margarine, said:"We have not been losing market share. This is a forward plan so that we keep what we have."

At present the Purfleet and Merseyside factories, which together employ 1,800, both make margarines and low fat spreads for the retail and catering trades. Over the next four to five years the retail products – which include brands such as Flora and Stork – will be concentrated at Purfleet, and catering products production will be focused on Bromborough.

The job losses will be mainly at Bromborough, and consultations with employees have begun. Van *den Berghs said: "We would foresee* little impact on jobs at Purfleet because of the re-organisation as we will be able to deliver extra tonnage *at the factory."*

The UK market for margarines and low fat spreads has grown in the last five years from around 348,000 tonnes to 370,000 tonnes with forecasts of fairly limited growth in the immediate future. The product make-up of the sector has, however, changed dramatically with a host of new products such as low-fat spreads.

In addition, a growing per centage of the market has been own-label products sold in supermarkets which have mainly come from overseas suppliers.

While maintaining that it has not lost share in the overall market, Unilever is worried by growing imports, *and the new investment is designed* to make it the low-cost producer in the UK.

Costs taken out of production would be available for increased marketing effort, said Mr David Lang of Henderson Crosthwaite, the stockbroker. He said Unilever had been late into the low-fat dairy spreads sector of the market. The market leader is St Ivel's Gold, with Unilever's Delight being a later entrant on the supermarket shelves.

New competition is also intensifying the competition. Acatos & Hutcheson, a major yellow fats producer which took over the ailing Merseyside Foods Products in 1985, is about to open a new factory on the Isle of Dogs, in London's docklands, which will be capable of producing more than 45,000 tonnes of margarine and low-fat spreads a year.

Mr Lang contended that Unilever had, according to his numbers, lost up to 13 per cent of volume share of the overall margarine market in the *last five years. Unilever was cutting* its production costs so that it would be difficult for imports and own-label products to undercut its brands *significantly.*

Report advocates improved job prospects for racial minorities

BY CHARLES LEADBEATER, LABOUR STAFF

THE LEVEL of racial discrimination in employment is so substantial that further action needs to be taken to improve the position of *ethnic minorities in the labour* market, the House of Commons Select Committee on Employment said.

In a report on the racial discrimination in the labour market the committee recommended that local authorities and the Civil Service should examine setting up special training schemes for workers from Asian or Afro/Caribbean backgrounds to raise their chances of employment or promotion.

The report said public authorities must set a much stronger example as employers.

However, the committee did not make any recommendations on action private employers could take to combat racial discrimination. Nor did it recommend that local authorities and central government should adopt contract compliance strategies, which would mean that companies bidding for contracts would have to set clear targets for combating racial discrimination.

The committee recommended that local authorities should adopt targets which, over time, would create a workforce that mirrored the ethnic composition of the populations they served. Many local authorities did not employ an adequate proportion of ethnic minority workers, the report said.

The Civil Service should systematically collect and publish information about how successful its equal opportunities programme has been, the report said. The committee said the Civil Service's progress in promoting equal employment opportunities had been far too slow.

The Civil Service should also run Youth Training Scheme courses, as the YTS is an important route into *employment for young ethnic minority workers.*

The committee welcomed plans to increase the number of ethnic minority employed on inner city regeneration schemes, make it easier for ethnic minority small businessmen to raise capital, and introduce ethnic monitoring into the armed services.

Unemployed people from the ethnic minorities used job centres and contact job centre staff more frequently than other unemployed people, a study by the Manpower Services Commission shows.

However, the survey found that while white people found jobs after 13 interviews on average, the ratio for Afro-Caribbeans was 16:1, and for Asians 21:1.

Discrimination in Employment: First report of the House of Commons Employment Committee, Session 1986-87; HMSO; £3.10.

Coal chief calls for 10% a year output rise

By Charles Leadbeater

THE ANNUAL growth in miners' productivity will have to be 10 times the level recorded in the decade before the 1984-85 miners' strike if British Coal is to maintain competitive costs, Sir Robert Haslam, its chairman, has said.

Productivity will have to grow at about 10 per cent a year over the next few years, compared with a growth rate of about 1 per cent in the 1970s, Sir Robert told delegates to the annual conference of the Nottinghamshire area of the Union of Democratic Mineworkers (UDM), which was formed from a breakaway body of miners during the year-long strike.

However, union leaders gave a warning to Sir Robert that British Coal could no longer rely on the union's close co-operation.

Sir Robert said it would be difficult to justify major investments unless miners agreed to wide-ranging changes in working practices, including allowing collieries to produce coal for six days a week. He said more intensive work patterns woud be essential to ensure capital equipment was fully utilised.

Negotiations on the introduction of six-day working at the Magram development mine in South Wales began last week, but Sir Robert's remarks make it clear that British Coal wants these changes to be introduced more generally.

Sir Robert said the moderation and "good sense" of the UDM would be the most persuasive argument in favour of the Central Electricity Generating Board (CEGB) building a new coal-fired power station in the Midlands. The CEGB may build another station at Fawley, Hampshire, which could be supplied with Nottinghamshire coal shipped via Immingham, he said.

Mr Neil Greatrex, the UDM area president, said the union's honeymoon with British Coal was over. "We have few friends on that side of the fence," he said.

He accused colliery managers of using the rivalry between the UDM and the National Union of Mineworkers to force Nottinghamshire miners to accept revolutionary changes in working practices.

Market 'should judge broadcasting'

BY RAYMOND SNODDY

FT

Cable and Satellite Conference

MR DAVID MELLOR, the Home Office Minister responsible for broadcasting, said yesterday that it was right for broadcasting to be exposed to the judgment of the marketplace.

Mr Mellor told the Financial Times Cable and Satellite Conference in London that this was why the Government was so attracted to the proposal of the Peacock Committee on the future of broadcasting that the BBC should be funded by subscription.

The Government, he said, "cannot and would not" underestimate the difficulties.

"But it is clear that subscription is likely to play an increasing part in the financing of broadcasting, at least some channels."

Cable television had already pioneered the way and at least one Direct Broadcasting Satellite (DBS) channel would be financed by subscription.

Mr Mellor said it was important that there was early agreement on a Council of Europe convention on trans-frontier broadcasting. This would facilitate the development of the genuinely European broadcasting industry and ensure that British broadcasters and programme makers had a wider market for their products.

The trend to independent production, which the Government was encouraging, was healthy for the industry *"and will be particularly* valuable as competition in the international broadcasting market intensifies."

Earlier, **Lord Thomson,** *chairman* of the IBA, said he welcomed the new opportunities provided by cable and satellite to widen choice, but the question was to what extent the new services would genuinely enhance and embellish the existing terrestrial services.

But the former Labour minister admitted it was the achievement of successive governments to find a formula that combined public service broadcasting quality with vigorous private enterprise. Other Western European countries were 30 years behind Britain in finding out how to do this.

Mr Michael **Checkland,** deputy director-general of the BBC and a candidate for the vacant director-general's chair, said the British broadcasting industry *was one of* the success stories of this century although one had to go abroad to hear much about that. It was a genuine national asset.

He warned, however, that deliberate and sustained attacks day by day would ultimately weaken the BBC and – if weakened – *innovation*, experimentation, risk-taking and investigative journalism would diminish and the democratic process would be the poorer.

Mr Checkland said the BBC intended to be part of the new opportunities opened up by cable and satellite services.

"We will open our libraries. We will release our programmes. We will share our golden treasury. But we must *be allowed to choose our* partners." Mr Checkland said. The aim was to double the turnover of BBC Enterprises, the commercial arm *of the BBC, to £200m.*

Despite the squeeze imposed by the decision to link the licence fee to the Retail Price Index, the BBC *was not in a financial crisis. With* an income of £1bn there was plenty of room to move resources and make savings. But if the choice had *to be made between quantity and* quality, the BBC would choose quality, he said.

Mr David Shaw, general secretary *of the Independent Television* Companies Association, warned that the existing television service should not be put at risk before the up and coming generation of satellite broadcasters had demonstrated the range and quality of their products.

If there was too rapid a pursuit of the "free market holy grail", this Government and its supporters would undermine or even destroy the established benchmarks.

Mr Shaw said that, if independent producers were introduced to the broadcasting system in an orderly *fashion, the system would be* strengthened. If the Government tried to impose a 25 per cent quota for independence, it would be "nothing less than a deliberate act of sabotage."

For ITV such a quota would require the transfer of over 2,000 hours of programming *to the independents* at a value in 1985 of £170m.

Mr Charles Wigoder,head of corporate *finance at Carlton Communications*, one of the unsuccessful applicants for the DBS franchise, said he still believed that DBS with attractive *programming and cohesive* marketing represented "unbelievable value" as a broadcasting opportunity, notwithstanding the likely early losses.

The investment cost might be large, but it was only equivalent to roughly half the current market value of the *ITV network and about* a quarter of what the figure would be if American valuations of television stations were used.

He warned that during the latter years of the 15-year DBS franchise, when British Satellite Broadcasting (the franchise winner) was generating *hundreds of millions of pounds* in advertising revenue, that the IBA would have great difficulty in arbitrating between the interests of *DBS and the terrestrial ITV* companies.

Mr Jon Davey, director-general of the Cable Authority, said that cable had firmly established itself on the agenda. Despite the problems, none *of the new cable television operators* had gone bankrupt, the quality of programme had been strengthened and, more important, the first interactive (two-way) services had arrived. The cable industry was also on the brink of significant developments in the telecommunications uses of cable.

New sophisticated cable was being installed at the rate of 15,000 homes passed every month.

Mr Ian Ellison, a director of Robert Fleming, the merchant bank, said the basic formula for raising finance for cable was simple. You had to convince enough investors that they would secure a return in net present value terms of around 30 per cent.

You also needed a fully worked-out set of proposals and a management team who understood what they were *doing*

Mr Ian Clark, chief executive of Clyde Cable Vision, the cable franchise in Glasgow, said that the advent *of satellite television was not* a danger to the cable industry but was something that should be welcomed.

Clyde *planned to start interactive* services such as home shopping and banking later this year. He believed that a critical mass had now been reached for the cable industry and that more people were becoming aware of the services it had to offer.

Mr Andrew Quinn, managing director of Granada Television and co-ordinator of British Satellite Broadcasting, winners of the DBS franchise, emphasised the importance of mainstream programmes to create a mainstream audience.

He said one of the big advantages *of DBS was the ability to have a* national marketing strategy and budget to encourage the sale or rental of reception equipment through "free" advertising supported programmes.

This in turn would create a new universe of people prepared to pay for subscription services such as a film channel.

Ministers split over BBC subscription call

FINANCIAL TIMES REPORTER

THE BRITISH Government is deeply divided over whether BBC programmes should be made available on voluntary subscription, which would ultimately replace the present licence fee system.

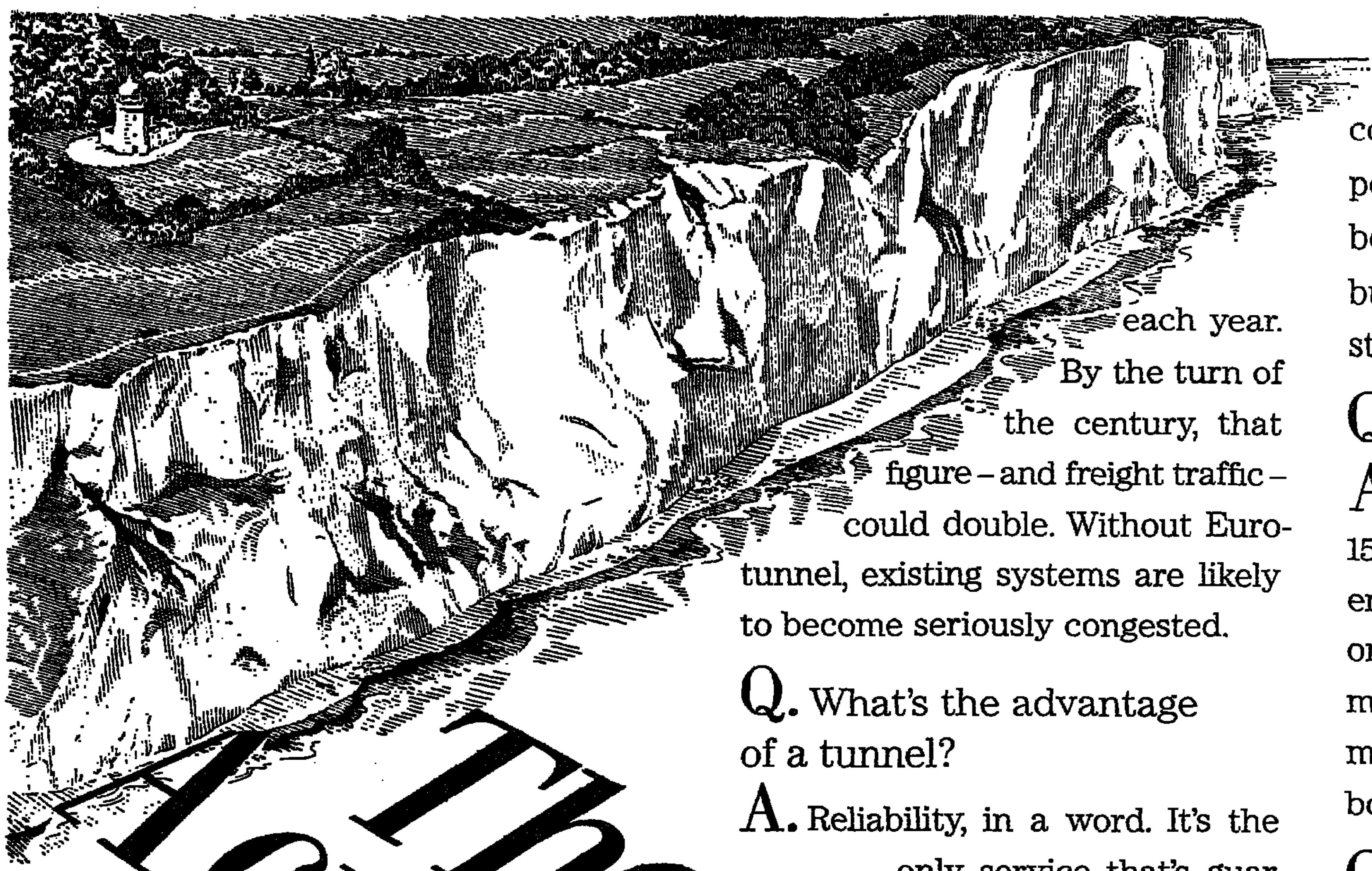
The development was one of the key recommendations of the Peacock Report into the future of British broadcasting. Peacock envisaged in the medium to long term that first individual channels should be put onto subscription and then a pay-per-view system (paying for individual programmes) be encouraged to create true consumer choice in broadcasting.

But opinions are divided both between individual government departments, like the Home Office and the Department of Trade and Industry, and also within departments.

Mr Douglas Hurd, the Home Secretary, has indicated he is sympathetic to the idea of subscription. But other ministers openly question both its feasibility and desirability

"How can you ask the poorest who make most use of television to pay more?" one minister asked.

The Home Office has commissioned CSP International communications consultants to carry out a study of the feasibility of subscription by April.



The Eurotunnel. A cross-examination

Q. What sort of tunnel is it?

A. It's a twin-rail tunnel. Effectively, a 31-mile rolling road beneath the Channel chalk-bed.

Q. How will I use it?

A. There are two services. A coast-to-coast shuttle for the motorist, running every 15 minutes at peak times. And direct rail services from London and other city centres to the Continent.

Q. How long will the journey take?

A. The Folkestone – Calais shuttle, just 35 minutes. No need to book. Just roll up and drive on. London to Paris, 3¼ hours; London to Brussels 2¾ hours and so on.

Q. What's wrong with the services we've got?

A. The airlines, ferries and hovercraft already have to get 24 million passengers back and forth across the world's busiest stretch of water each year. By the turn of the century, that figure – and freight traffic – could double. Without Eurotunnel, existing systems are likely to become seriously congested.

Q. What's the advantage of a tunnel?

A. Reliability, in a word. It's the only service that's guaranteed weatherproof. It means a smooth, fast crossing any time of day or night, 365 days a year.

Q. Who's building it?

A. Eurotunnel is an Anglo-French company backed by a group of major institutions and private shareholders. Our contractors are ten of the most experienced construction companies in Europe.

Q. Will it be safe?

A. Under a 100-foot layer of chalk, encased in concrete, it'll certainly be solid enough.

And of course, rail is generally considered the safest form of transport. There'll be an independent body of experts to ensure we're building and operating the safest stretch of railway anywhere.

Q. How many jobs will it create?

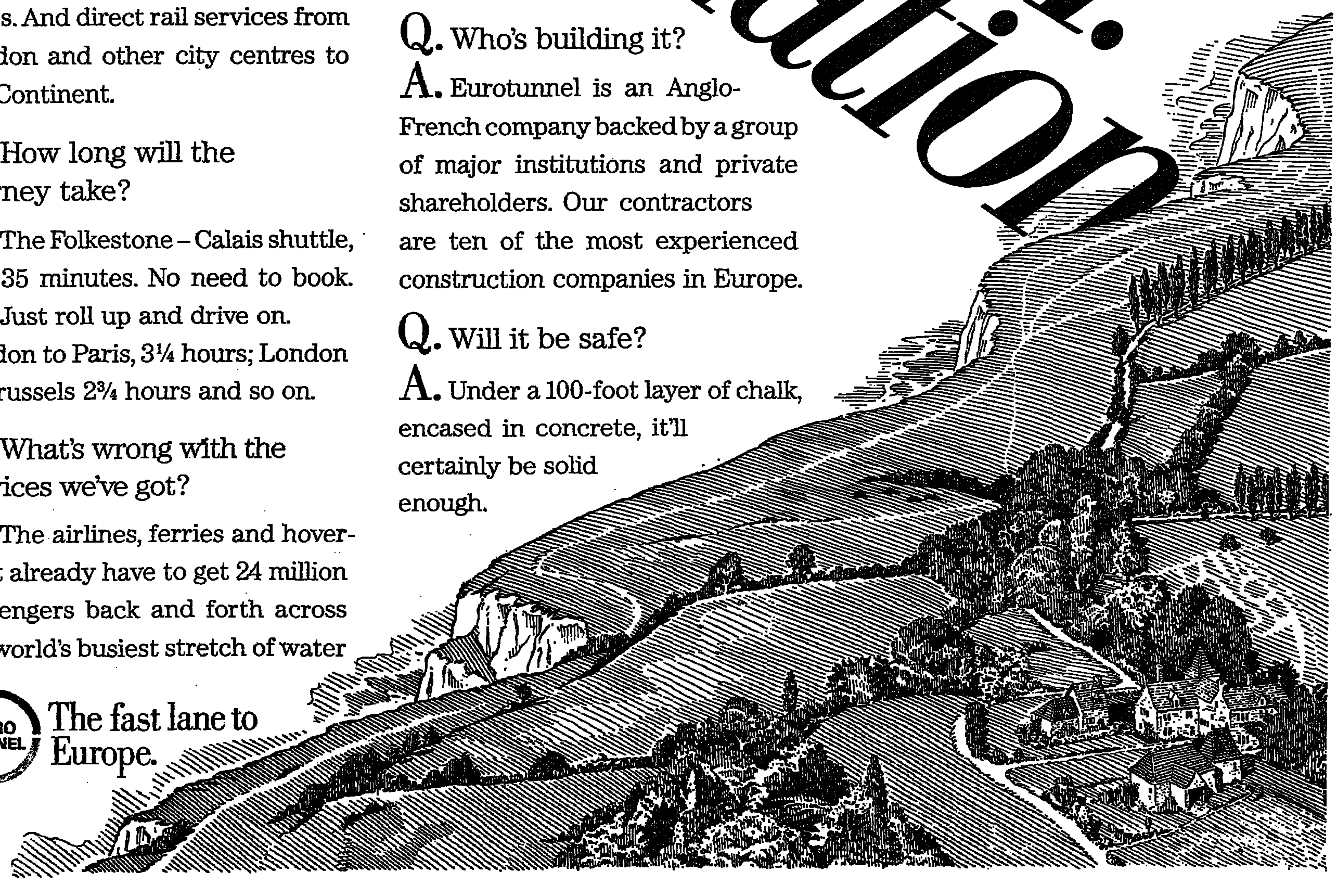
A. When it's all systems go, over 15,000 people in Britain alone will be employed either building the tunnel or supplying materials and equipment. Hopefully there'll be many more when the Eurotunnel starts boosting trade and tourism.

Q. Who pays for it?

A. Private investors only. It won't cost the taxpayer a penny.

Q. When will it open?

A. Our tunnel sees the light of day in 1993*. Having read this far, we hope you agree the sooner the better.



EURO TUNNEL The fast lane to Europe.

*Subject to Parliamentary approval.

BUSINESS LAW

Airlines' outdated liability limit

By Peter Martin and John Balfour

IT SAYS something about the *state of the law governing* compensation for injury and death in aircraft accidents that the taking out of a personal accident policy may be the only way in which a passenger can ensure adequate and timely protection for himself or his family against the risk.

Reports of recent cases demonstrate that years can, and do, go by before disputes between airlines and manufacturers over responsibility are cleared up, frequently leaving the victims uncompensated during that period. That this may be due, too, to the exaggerated demands of some of these victims is not given much publicity.

Every traveller on international airlines can read, but seldom gives much thought to, the following "notice" on his ticket:

"If the passenger's journey involves an ultimate destination or stop in a country other than the country of departure the Warsaw Convention may be applicable and the Convention governs and in most cases limits the liability of carriers for death or personal injury and in respect of loss or damage."

Even an experienced air transport lawyer cannot always be sure what this limitation of air carriers' liability means.

It dates back to 1929, when civil aviation was in its infancy and needed protection from the financial effects of a catastrophic disaster, uninsurable in those days. The 1929 Warsaw Convention limited damages for personal injury or death to the sum, in today's money, of $10,000 (about £6,600).

The figure was doubled in 1955 by the Hague Protocol amending the Warsaw Convention. Most countries agreed to this increased limit but a few, notably the US, are party to the unamended Convention only. A few others, for example, Thailand, are not party to it at all.

In some cases, these low liability limits have been increased. A number of airlines have, by "special contracts," voluntarily adopted higher limits, varying between $58,000 and $125,000. In addition, since 1966 the US has required all airlines serving a point in the US to adopt a liability limit of $75,000 and, since 1975, the UK has required all UK airlines to *adopt* a limit of about £85,000.

Although attempts were made in Guatemala in 1971 and Montreal in 1975 to increase the $20,000 Hague limit to a more substantial figure, it remains the norm, with the higher special contract *limits* still something of a rarity for journeys not touching the US.

Establishment of the actual amount of the liability limit in a national currency is further blurred by the Warsaw Convention and the Hague *Protocol* expressing the limits in the Poincaré franc, a gold-based currency used in France between 1928 and 1937. This used to provide generally uniform amounts when converted into national *currencies but*, since 1978, this has no longer been the case. As a result, different methods of conversion are used in different countries, with potentially divergent effects.

How then, with such relatively small sums on offer from airlines by way of money damages, are victims and their families to be fully compensated? There are four principal ways in which the Convention limits can be *improved or avoided*.

First, it is sometimes possible to exploit the fact that some countries convert the Convention's "gold francs" in a more generous way, for example, by reference to the market price of gold as contrasted with the old "official" price. This can mean that a claimant may receive much higher compensation by bringing his claim in one country rather than another. However, this has become a less significant way since a recent important decision of the US Supreme Court upholding the more conservative method of conversion by reference to the old $42 per fine ounce declaration to the International *Monetary Fund* by the US.

Second, the Convention provides that its limits do not apply in the case of intentional or reckless misconduct on the part of the airline or its employees. However, this is difficult to prove since intentionally caused accidents are almost unheard of and the test of recklessness is generally accepted to be subjective and, therefore, difficult to establish against an airline or its crew.

A third possibility, in some countries, is to attack the Convention's limits as being unconstitutional by denying basic human rights, in that they prevent proper compensation. This approach worked recently in Italy, although the Italian Government is understood to be proposing a law to confirm limited liability, but at a higher level.

But the Convention's limits are perhaps most frequently avoided today by the existence of a third party against whom a claim can also be made on the basis of negligence. This will normally be an aircraft or engine manufacturer, but could, for example, be an air traffic control authority. The Convention's limits *only operate for the benefit of the airline*, so that if any other parties have a share in the responsibility for an accident they will be liable without limit. Because accidents frequently happen not only from operational error and for more than one *reason, this way* of breaking through the Convention's limits is often a real possibility.

The increasing expense and time occupied by litigation, particularly in the US, adds to *the increased readiness today of* airlines and manufacturers, and more particularly their insurers, to see accident victims properly compensated.

Inevitably, however, some victims fail to benefit from the more generous *settlement* arrangements—which may arise from the fortuitous involvement of a manufacturer—and some may receive no compensation. For example, hijackings are not always the fault of an airline or a manufacturer and governments are obviously unwilling to admit the faults of their security services in any public way. Terrorist attacks at airports kill and injure men and women not necessarily protected by contracts of carriage. *Some airlines* have no special contract. Some manufacturers are under-insured or not insured at all. The range of anomalies is as wide as could be. What is to be done?

Present proposals for improvement are many and piecemeal and none offers an ideal solution. Much better would be to amend the Convention so as to remove the limits altogether while retaining its many other advantages, or at any rate increase the limits to a more realistic level and express them in a more *easily* convertible currency unit, such as the Special Drawing Rights.

In 1975, in Montreal, a protocol to the Warsaw Convention was signed (known as Montreal Protocol 3) which has the effect of increasing the Convention's limit to the local currency equivalent of SDRs 100,000 (which is normally about £85,000). It is not yet in force because it has not been ratified by a sufficient number of countries but there is increasing pressure, principally from the International Civil Aviation Organisation and the International Air Transport Association, for its univeral ratification.

Another possibility is increase of the airlines' special contract liability limits. Yet another is a new international convention bringing together the responsibilities of airlines, manufacturers, air traffic control and other agencies, with a *higher* maximum figure than any previously canvassed. Will anything happen?

The main obstacle to reaching more generous arrangements seems to be the fear of the airlines *of less developed states*, which carry few Westerners, of vastly increased liability insurance premiums, and their resentment that they would be contributing to the payment of what they see as inflated damages expected in the West. Some, very responsible, airlines are prepared to increase the limits but are afraid to be the first to do so.

There is no great political pressure for the improved terms as the number of passengers killed in accidents to aircraft engaged in scheduled international carriage is relatively small—only about 1,000 on yearly average worldwide, compared with the 10,000 or so people killed each year on the roads in the UK alone. For this practical reason the political will to effect changes in compensation is limited.

However, it is no consolation to their families that the victims belong to a statistically small group. Something ought to be done both in their interest and in the interest of further development of air transport. While this may not have been possible in 1929, the relatively small number of fatalities ought now to enable all airlines to take out insurance cover adequate to cover substantially increased liability compensation. If they could make a *workable deal with the manufacturers*, so much the better.

The authors are partners in Frere Cholmeley, solicitors.

MANAGEMENT: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

Super Channel

A test for the global concept

Feona McEwan on the advertising challenge facing Europe's latest satellite TV venture

SATELLITES are hot topics these days. In the UK two in particular have been making the news. Ironically, though, while the top-secret Zircon spy satellite has been bathed in the hard glare of publicity, the just-launched pan-European service, Super Channel — a very public affair — slipped into operation this month relatively unnoticed.

The Prime Minister noticed, of course, and attended the launch of the UK-based commercial station. But among the advertising fraternity, on whom the channel depends for funding, there appears to be less than enthusiasm for this new long-range weapon in the marketing armoury.

On the face of it Super Channel presents a seductive opportunity, now presenting advertisers with a new vehicle to spread their messages into 14 European countries simultaneously. The station — which is owned by the Virgin Group and the UK independent television contractors — offers an all-embracing 24-hour diet of entertainment, sport, music, drama and documentary sourced from the BBC and from ITV. *So far, 6.7m homes in Western Europe, from Finland to Italy,* can receive the channel. And the cost of airtime compared with that in the UK is comparatively low.

Against this, there are various hurdles to consider. The station is English-speaking only, which for much of Europe makes it a second language station. More than ever, it will test the concept of pan-European advertising practice. How feasible it is to speak with one voice to many *different markets is an issue* that has been hotly debated in recent years. Until the arrival of satellite television with a sizeable audience—most significantly Rupert Murdoch's five-year-old Sky channel—the issue has remained largely theory. *Now with a healthy rival on* the scene, the test can really begin.

There are problems, too, for multinational advertisers which operate on a decentralised basis, with products having different names or packaging in different countries. A Lever Brothers product is known variously in the UK and on the Continent as Jif, Viss, Cif, and Vif. The Birds Eye Wall's character on its fish fingers is known as Captain Bird's Eye in the UK and Captain Findus and Captain Igloo on the Continent.

That said, satellite television does present brand new opportunities for advertisers in new markets. In many Continental countries advertising airtime is either non-existent or severely restricted on land-based television. And in the well-supplied UK, prices are soaring; the battle to buy airtime is highly competitive.

Some heavyweights have already taken the plunge on satellite—Austin Rover was first on Super Channel with a 90-second wordless commercial and Hitachi, Canon, Shell, Coca Cola, Revlon, Polaroid, Schweppes, British Airways and Nissan, are not far behind. But in general, advertisers are proving slow to respond.

Broadly similar programming

It's not as if the issues of pan-European television were so very new. Sky channel, for instance, has been around since 1982. To an advertiser the two are remarkably alike, both English-speaking and UK-based, with broadly similar penetration and programming (though Super Channel has set out to differentiate itself with mainly British programmes compared with Sky's largely American diet).

Altogether there are 19 satellite television stations raining down on varying fractions of Europe. Not all take advertising, only nine speak English, and most of these reach a very restricted slice of Europe beyond their home base.

At the moment Super Channel has additional headaches in the form of the Equity dispute in the UK over contract agreements with actors in programmes (not ads).

But at the root of advertisers' unresponsive behaviour, is the fact that the medium of pan-European satellite television is in its infancy still and as such presents them with the unknown. There is a relatively new modus operandi to grapple with. Traditionally, the advertising fraternity, for all its talk, is conservative and prefers to wait and see when novelty beckons.

As with any new medium, there is a steep learning curve and the "vanguard" advertisers believe that the sooner they are in, the sooner they'll understand it. By the time satellite television is commonplace, which will probably happen once direct broadcast by satellite takes off, they will, they argue, have a head start.

Pan-European advertising demands a wholely different approach from the business of spreading advertising messages on the small screen. To begin with the measure is different. The old rule of cost per thousand—the basis of buying airtime—which means the cost of reaching one thousand of an advertiser's target audience, is less valid at the moment.

The reason is that audience research is scanty. Apart from two in-depth surveys last year, into who viewed and when, from Sky and the old Music Box (now part of Super Channel) there are no reassuring ratings (the percentage of households that watch a given programme) to assuage the nervous advertiser. There are plans, however, from next month, to establish a regular *joint industry audience survey* (to be known as Pan European Television Audience Research, PETAR) which aims to offer firmer evidence of viewership, though it is unlikely they could ever match the minute-by-minute audience measurement available in the UK.

The low rates of airtime on Super Channel reflect this.

Consequently, "advertisers are doing it a lot on belief," says believer Nick Farley, director of DFS Dorland, the agency which has Austin Rover, the first advertiser on Super Channel, as a client. "You start from the premise that television is a pretty powerful medium and it works. Here is the potential for reaching 20m people. But there's an awful lot of people without the courage to do that.

"Satellite demands a more general approach, a bit like readership of press or radio research, where you know on average how many people read or listen to a given item, rather *than knowing exactly how many,* at what time, and on which day. You have to concentrate on effectiveness [increasing sales/awareness of products or companies]: not what it costs.

"With pan-European TV you'll never ever have an audience measurement system enabling you to calculate cost per thousand so people had better forget that. If the only justification for doing it is cost per thousand or they got it cheaper, they should stay out of the game."

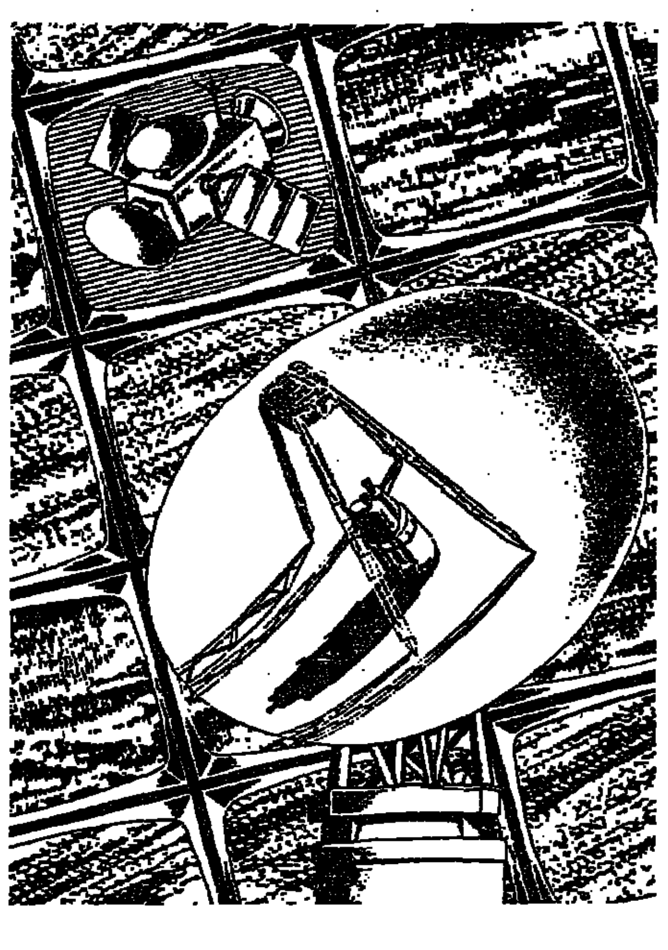
David Wood, director of new media at *Ogilvy & Mather*, takes a different line. "Because it's so hard to calculate audiences I'm even harsher on deals," he says. "Price is as important as it has ever been. I look for prices that are at least 25 per cent lower than the equivalent on *terrestrial* channels."

Super Channel's ratecard is regarded by industry watchers as well constructed, at cost efficient prices that account for its patchy audience and its users' patchy distribution. Cost of a 30-second *spot ranges from* £1,200 to £180.

But for all their tardiness, few advertisers doubt that satellite TV as a medium is here to stay. Ultimately, for those with the vision and patience to learn its ways, there is the tantalising prospect of access to some 18m homes by 1990, if estimates by agency Ogilvy and Mather are right. That represents 17 per cent of European households.

For advertisers it is clear that pan-European television has serious implications for their marketing strategies. It remains to be seen whether products sold in the same tone of voice and images will sell as well to the Belgians as, say, to the Danes. There is a worry too that ads, in order to appeal to the lowest common denominator, will sink to an all-time low in blandness and risk diluting the impact of the message in the process. The jury is still out.

For many companies keen to use the new medium there are major logistical problems. Like who foots the bill. For a multinational like Unilever, does the Dutch division square the debt or the Swiss division, or if all chip in, then in what proportion. Since each country is pur*suing its cabling programme* at a different pace, divisions in countries which are less cabled may be unhappy about supporting a campaign they do not benefit from. To add to the confusion, many companies have rival ad agencies handling their business in different companies.



The point is that most multinational companies are decentralised in Western Europe and until recently media packages have worked along national lines also. The only exceptions were the few up-market publications like Time, Newsweek, International Herald Tribune, FT, and airline magazines which gave advertisers the chance to cross international boundaries.

Restricted airtime

Such are the short-term tribulations of advertising on satellite television around Europe. Longer term, it offers new opportunities to advertisers eager to reach Continental Europe, which until now have been hampered by restricted airtime, and the rule that spots must be booked up to 16 months *in advance.* Even then, an advertiser cannot be sure of his position.

One advertiser currently using satellite TV (out of the Netherlands) is Polaroid. Its sunglasses are on Super Channel in a bid to reach young people — the domestic land-based TV in the Netherlands, by comparison, has an older audience, which is less appropriate.

By contrast, Nissan, the car manufacturer, is using Super Channel not for sales impetus, but to promote its corporate image. "Nissan thinks that an English-speaking channel will get a good result in its attempts at unification," says Mitsuiko Matsutani in Tokyo, who also welcomes the short lead times.

There will be knock-on effects of all this on land-based channels, which will be forced to become more competitive, say the experts.

At the moment, pan-European television is very much a buyers' market, in Wood's view. "There is more available advertising minutage than takers, unlike the situation with terrestrial European stations which tend to be sellers' markets." Both Sky and Super Channel deliver 250 advertising minutes *a day. Across Western Europe* the average in any country is 90 minutes advertising a day. "This means," says Wood with glee, "you can negotiate some very competitive terms."

TV commercials

Getting to grips with production costs

Feona McEwan on a proposed code of practice

A CODE of practice aimed at bringing order to television commercial production costs has been agreed for the first time by the constituent parts of the UK television advertising industry.

The issue has been a running sore in the advertising industry for a number of years as production costs have spiralled. Rough estimates put inflation at around 18 per cent a year, though this is said to have levelled off recently. In all, the total spent on production is under £200m a year in the UK, a fraction of the sum spent on buying airtime.

Up to now, the methods of negotiating costs have been largely a matter of custom and practice, with conflicting vested interests causing frustration and inviting unruly practices.

Sir Leo Pliatzky, who headed the joint industry committee which has drawn up the report, published today, commented this week: "There are two remarkable things about this document. The first is it ever got started, and thesecond is it ever got finished."

The agreement is between the makers of TV commercials as represented by the Institute of Practitioners in Advertising, the Advertising, Film and Videotape Producers Association and the Incorporated Society of British Advertisers.

"We believe we've worked out a framework for good business practice," says Sir Leo, of the code which all three parties have agreed on. The procedures clearly spell out such things as "guidelines for planning and budgeting in the client company," "budgeting and briefing in the agency," "contracts and payments" between agencies and production companies and advertisers and agencies, and pre- and post-production.

Pliatzky underlines too the importance of planning in helping to control costs. He says that time and again in the working party's discussions "the *importance of planning and of* having a properly thought-out timetable for the production of a commercial, allowing a reasonable period of time for each stage in the process from the client company onwards" was a prominent theme.

Good preparation and proper scheduling is vital. "You pay for haste," he says. The working party believes that the advice it puts forward on planning and timetables could, if put into practice, "make a noticeable difference to controlling costs . . ."

Pliatzky also stressed the need for allocation of responsibility for decison making in an organisation and always to seal agreements in writing.

Another crucial area the code defines concerns payments. During the working party's investigations it emerged that slack payments for the making of commercials were a major troublespot. So in an effort to tighten up transactions it advocates that the existing payment upfront of 50 per cent should remain.

But instead of the current seven-day rule for completion of payment, which is frequently abused, it is now advocated that full settlement should be not later than the end of the month in which an invoice is received (provided it is received by the 15th of the month).

If the invoice is received after the 15th, it must be settled by the 15th of the following month. In the event of a query, it is suggested that 10 per cent be withheld while it is sorted out.

There is also a production briefing document, similar to that in the US, and detailed documentation on how to prepare production estimates, including for the first time video and animation production.

"The important thing now," says the chairman, "is putting the report into practice." It will demand greater discipline from client and agency, he warns. For the moment, the Working Party will act as watchdog to monitor implementation of the code and set up a complaints panel, if necessary.

"Procedures for the Production of TV Commercials," £5 from the IPA at 44 Belgrave Square London SW1, the AFVPA 26 Noel St, London W1 and the ISBA, 44 Hertford St, London W1.

TECHNOLOGY: Computing

BY ALAN CANE

A hands-on approach to its customers' problems is central to Norsk Data's drive for growth

How Norway's brightest star found its sparkle

FOREIGN ownership of voting shares in Norsk Data, the Norwegian-based computer manufacturer, last week crept dangerously close to the State-decreed limit of 49 per cent, forcing the company to seek suspension of its stock on the Oslo bourse while it confirmed that it was still in Norwegian hands.

The drama caused a flurry of unexpected activity at Norsk Data's brightly coloured steel and glass headquarters just off Oslo's snow-bound Olaf Helsets Vei. But its senior managers were philosophical. Such diversions, they reasoned, were the price they must pay for piloting the shooting star of the Norwegian industrial firmament.

Other Norwegian industrial companies, Norsk Hydro for example, are bigger, but none can match Norsk Data's sustained growth in turnover and profits over the past 14 years.

Last month it announced preliminary figures for 1986, estimating turnover up 37 per cent at NKr 2.58bn ($349m) and pre-tax profits up 29 per cent at NKr 468m ($67.5m).

But Norsk Data is more than just a parochial Scandinavian comet. Some 40 per cent of its sales come from abroad, it is forging a series of partnerships and alliances in other countries and it is seeing substantial growth when many of its major competitors' sales have been, at best, flat over the past two years.

Why should this be? Mr Rolf Skar, its president and chief executive officer argues the present success of the company is based on three principal propositions.

- The company designs and builds state-of-the-art products which are at least as cost effective as any of its competitors.
- It has successfully made the conversion from computer manufacturing company to end-user organisation.
- It has focussed on the integration of its equipment into its customers' businesses: "We help our customers to become more competitive by providing them with systems which mirror the way they carry on their business" he says.

The essence of Mr Skar's argument is that Norsk Data can solve its customers' computing problems at lower cost than its competitors by working with the customer to develop the necessary computing software and systems rather than through cheaper hardware. It never the less claims its minicomputers have the edge in price-performance terms.

About 75 per cent of the resources the company puts into research and development are directed towards software and software development tools. Twice as many Norsk Data staff are involved with a customer after the sale of a machine than before, according to Mr Skar.

Significantly, the company achieved its first major sales coup—to CERN, the European nuclear research organisation—by being able to provide software of a kind the CERN executives had never seen before. It worked in real time and many users could use the system at the same time. It dramatically shortened the time the CERN scientists needed to develop control programs for their atom-smashing machinery.

Mr Skar reminisces: "That was in the early 1970s. We came in from the cold and dark to win the largest computer contract of its kind in Europe."

Norsk Data makes minicomputers, machines which through innovative design and advanced technology, provide a large proportion of the power of mainframe machines at a fraction of the cost. These days, it is a force in the world of superminicomputers, souped-up machines which are more powerful than the mainframes of only 10 years ago.

The most powerful machine in Norsk Data's new range, the 5000 series, can offer over 50m instructions per second in its four processor version.

Millions of instructions per second (mips) is a convenient if not always very reliable method of measuring computer power.

Only 20 years ago, computer power was measured in Atlases, equivalent to the power of a very large British computer of the time. One Atlas was roughly equivalent to one mips.

The largest machine in the Digital Equipment Corporation (DEC) range, the VAX 8800 can be clustered together in groups to give 100 mips or more.

Many companies these days see their computing needs in terms of a cluster of supermini computers at the centre, as a cost effective and fault-tolerant replacement for the traditional mainframe, together with smaller, but compatible, computers at departmental level and personal computer workstations on the desks.

Among the major minicomputer vendors—Data General, Prime, Wang, Hewlett-Packard and so on—DEC and Norsk Data seem, on the basis of their growth figures, to have made the most of this change of fashion among their customers.

It would not be fair to draw the parallel too closely. DEC with world wide revenues in 1985-86 of $7.6bn dwarfs the Norwegian company.

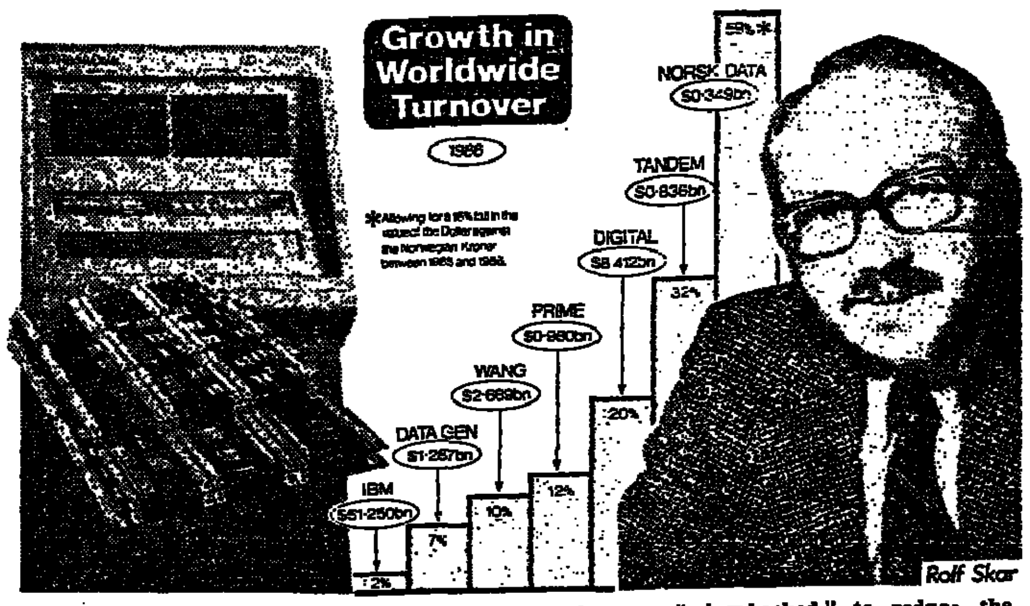
But Mr Skar is realistic about his company's opportunities for continued growth. The focus for the company will continue to be Europe and his ambition is to see Norsk Data grow to the size of DEC in this region.

With DEC's European revenues last year running at $2.3bn, however, the Norwegians have some catching up to do.

And although Norsk Data's principal competitors are all US companies, it is planning a cautious approach in the US. Last year it signed a marketing agreement with a US company, Mycro-Tek, aimed at securing distribution for Norsk Data's newspaper industry computer systems in the US—the company already claims to be a European leader in the provision of computerised information systems to the graphics and newspaper industries.

Now it is actively looking for another US partner. The ideal company would have a sound distribution network, the ability to support, comprehensively, high technology systems and a lack of product which could be plugged by Norsk Data's hardware and software, Mr Skar says.

Simple, universal answers to the question of success in the minicomputer business are hard to find. The bright ring of confidence around Norsk Data suggests that in its belief in technical excellence and a close relationship with its customers, it is closer to the truth than many.



Left: Printed circuit boards in the ND-5000 series are "piggybacked" to reduce the distance electrical signals have to travel between chips. Right: Mr Rolf Skar, president and chief executive, says the company's rapid growth is founded on three tenets.

Taking strength from the chip design competitors ignored

THE KEY to the speed and power of Norsk Data's latest family of supermini computers, the ND 5000 series, is a silicon chip technology passed over by other manufacturers only a few years ago. Now they see it as the answer to their own technological dilemmas.

Called C-MOS gate array technology, it is a method of designing, quickly and reliably, silicon chips which will operate at high speeds yet without overheating or burning out.

Until a few years ago, most minicomputer manufacturers designed their systems in a technology called transistor-transistor logic (TTL).

It was well understood but comparatively slow; the high technology specialists like Prime and Digital Equipment began to design their new systems using the fastest technology available, emitter coupled logic or ECL.

Norsk Data did not. It turned to a US start up company, LST logic, which was specialising in gate arrays, chips manufactured with a standard set of computing elements which could be customised to any design the customer wanted by adding a metal connection layer or two to the surface of the chip.

Using gate arrays, design time could be cut from a year or more to less than six months—although as Mr Peter Bonne, manager for research and development at Norsk Data points out: "If you make an error at the design stage it costs two months in time and £500,000."

C-MOS could not provide the sheer raw speed of ECL. A single "tick" (cycle) of a computer clock takes 70 billionths of a second in C-MOS, a mere 45 billionths of a second in ECL.

But ECL had its disadvantages. ECL chips run very hot which means there are strict limits to how closely they can be packed together; they may have to be cooled by forced draughts of air or a water jacket.

It was also a more expensive technology; more care had to be taken over the electrical balance on the printed circuit boards on which the chips were mounted.

C-MOS chips, on the other hand, use very little power and so run cool. They are also much more amenable to complex designs.

So Mr Otto Stabenfelt, chief designer of the ND-5000 series built his new machines in C-MOS gate array technology and was able to meet his design objectives of doubling the performance while cutting the component count (a critical factor in the cost of a system) in half.

Printed circuit boards were "piggybacked," one on top of another, to reduce the distance between the chips and hence the distance the electrical signals have to travel outside the chips.

Computer power which needed 21 boards in Norsk Data's preceding family was crammed onto three. Mr Stabenfelt notes with satisfaction that a new supercomputer from Control Data Corporation, the ETA/10, also uses C-MOS logic circuitry.

Norsk Data has also avoided fashionable technologies like the "reduced instruction set (risc)" implemented on Hewlett Packard's latest machine.

Risc technology trades software complexity for hardware complexity using a comparatively small number of instructions executed at very high speeds to carry out computing operations.

Mr Stabenfelt has no time for this. The instruction set (list of instructions the computer can be asked to carry out) for the ND 5000 family is "enormous," he says.

"So far," he says, "our competitors have not been able to run their simple instructions as fast as we can run our complex ones."

Britain fails to get the IT message

TEN YEARS after the seminal Horizon television programme "Now the chips are down" alerted the British public and the country's politicians to the significance of the micro-electronic revolution, UK industry and commerce is still refusing to take information technology seriously.

Some 64 per cent of companies employing the cream of the UK's young managers give no training in information technology and many have neither plans to provide it nor see value in it.

Excuses for not training their high flyers in what many would regard as today's most important business tool range from "We have managed without it so far" and "We prefer to concentrate on general training" to "We are not into information technology yet" and "We do not know about information technology."

These depressing conclusions emerge from the results of a survey carried out among 151 of Britain's leading companies by Philips Business Systems, a UK subsidiary of Dutch electronics giant Philips.

Commenting on the survey, Mr William Jamieson, a partner in Arthur Anderson, the management consultants, and an expert in information technology said the numbers were much worse than he had expected.

"The survey results confirm what many of us had suspected," he said. "Many organisations are failing to realise that they are in the information technology business and that their future depends on management understanding this technology."

"It is even more worrying when you compare the situation with the US. There, far more people have business school training which normally incorporates a fair amount of information technology (IT) training and by the time these people reach management positions, they will already have acquired an appreciation of IT."

The survey showed that financial organisations, critically dependent on IT for performance and competitiveness, were the worst at providing IT training for their star managers. Only 22 per cent of financial institutions provided such training, compared with 46 per cent for service companies and 39 per cent for manufacturing companies.

Of all the companies canvassed, 35 per cent already provided IT training. Some 15 per cent had no provision for IT training but agreed it would be useful, while 50 per cent said there was neither provision for IT training nor did they believe it would be useful.

Only 37 per cent of the companies in the sample provided accelerated (fast track) training for the cream of their executives; of the companies that provided IT training, 20 per cent of them provided it within a fast track programme.

Forty per cent of the companies sampled, however, said they believe IT training was useful. Their principal reasons were that it was a necessary element of any training programme these days, that it would be generally helpful and improve management skills and that IT would be very important in the future.

Mr Jamieson of Arthur Anderson said that one of the most surprising results from the survey was that no one cited competitive advantage as a reason for IT training: "We believe that effective use of IT will be absolutely fundamental to obtaining and sustaining competitive advantage in future."

According to Dr Richard Horsnell, managing director of Philips Business Systems, some 70 per cent of training budgets in the US is spent on the high flyers: "The total US training budget amounts to some $29bn and more than 50 per cent of this is spent on computer-related courses," he said.

US consultants working in the UK are also convinced that British companies are taking an inordinate amount of time to become aware of the value of IT training.

There is a perception that only now is the importance of this kind of management education beginning to dawn on the country's top executives. One encouraging point uncovered by the survey was that most of the companies canvassed had reviewed their executive training schemes during the past year.

THE ARTS

Wesker double bill/Lyric Studio

Martin Hoyle

The chief pleasure in these two short (40 and 45 minutes respectively) plays by Arnold Wesker lies in the performance of Brenda Bruce. The plays themselves are newish: one has been given in Paris within the last three months, the other is enjoying its world premiere in Hammersmith. Both are conventional, pleasant, undemanding and predictable. They are a great deal more convincing than such recent Wesker work as *One More Ride on the Merry-Go-Round*, produced in the regions though not yet in London, and the look-no-hands cleverness of *Annie Wobbler*, another evening of one-woman monologues. But there is still a faintly old-fashioned air to the musings of abandoned New York wife and crippled widow of a socialist knight.

In the first play, *Yardsale*, Stephanie discovers that her husband has left her after 25 years. She confides to friends over the phone, goes out, visits restaurants and bookshops, "a remainder among remainders," finally rummaging through the jumble of a yardsale, evidently the equivalent of a garage sale in Britain, where she marvels that people can throw away their lives. Even old postcards move her: "I hang on to hellos—you need all the hellos you can get."

Mr Wesker is good at the inescapability of grief, at how the most casual actions are redolent of memories: reading, listening to music, eating out; everything is a sentimental journey. Ideally the rhythms call for a Jewish-American actress, but Miss Bruce is both tough and touching as her patronising attitude to her husband's lack of wit ("he should never have tried to amuse"), sexual ineptitude and general inadequacy as a spouse gives way to jealousy, self-doubt bewilderment and loneliness. Jackie Pilfold's set includes a scarcely used bed; for the most part Miss Bruce mimes cooking, taking off her gloves or sorting through invisible detritus.

The set for *Whatever Happened to Betty Lemon*, unveiled in France last November, places items of furniture in four corners of the acting area but leaves plenty of space for *Miss Bruce to hobble with stick* and walking frame, to speed round in a wheel-chair, and finally to chase the mutinous chair which she harangues when it proves to have a mind of its own until she lassoes it with the clothes-line.

Lady Lemon receives a letter inviting her to address the annual dinner for the Society for the Elderly Handicapped as "handicapped woman of the year." This prompts reflections on those handicapped by foolish minds, by demagogue politicians, by fear of priests, by "wrong relationships till death do them part" and by despair. The widow of an eminent if penniless Labour MP, she nevertheless apparently takes the *Telegraph* and rebelliously describes herself as "elderly handicapped anarchist of the year."

Her New Yorker's blonde *curls replaced with straggly* grey hair, Miss Bruce is both funny and ultimately moving as she laments that nothing—chair, bowels, memory, brains, mind—now works as she wants it to. Conventional humanitarian sentiments — she is appalled by TV newsreel of children training for warfare in the Middle East—and a conventional (theatrically speaking) family background—her snooty daughter is contacted only through an answering machine; the late Sir James was a promiscuous philanderer—are hardly filled out enough to be compelling. The actress is marvellous—as far as the roles allow her to go; but in this oddly insubstantial evening, even under the author's direction, that is not very far.

Pesek & Skrowaczewski

Andrew Clements

Neither Libor Pesek nor Stanislaw Skrowaczewski is yet a Name, capable of selling out a London concert hall. Yet both offer sound, musicianly virtues, and their concerts this week provided a good deal more satisfaction than any of the instalments of the LSO's Stravinsky series that I've heard, with all their attendant crowds and indiscriminate clamour.

Pesek is shortly to take on what is perhaps the least enviable post in British musical life, as principal conductor of the Royal Liverpool Philharmonic, but he appeared at the Festival Hall on Tuesday as a guest of the Philharmonia. Dvorak's tone poem *The Golden Spinning Wheel* cannot have been at the forefront of the Philharmonia's current repertory, but it emerged crisp and purposeful here, packed with neat, lively detail. Pesek kept the work on course for three-quarters of its length, but even his careful pacing could not redeem its closing section, when the dramatic grip slackens and the invention becomes increasingly banal.

A similar spacious unfolding was also the prime characteristic of Pesek's account of Schubert's Ninth Symphony, perhaps short of unbridled energy in the finale and positively heavy-footed in the Andante, but managed with serene composure and a marvellous sense of direction in the transitions, suggesting that Pesek needs to be heard very soon in Bruckner. The Philharmonia responded to his laconic direction with refined accuracy; they should place him on their regular list of guest conductors.

Skrowaczewski had appeared at the Barbican on Monday with the Hallé Orchestra. Though he has yet to ingrain much allure in the orchestra's tonal blend, its current lean, sinewy sound matches his style rather well. It was refreshing to hear Chaikovski's Fourth Symphony presented in such a direct, unabashed way; Skrowaczewski's refusal to pander to any notional emotional excesses kept the performance to the point, and managed to make the final pages genuinely exciting in a way that other, more conventionally brilliant interpretations fail to do. He had less success, however, in finding much purpose in Samuel Barber's *Medea's Meditation* and *Dance of Vengeance*, though the performance had clearly been well prepared. The work represents a boiling down of the original ballet score, but it is still awkwardly proportioned and the genteel, Ivy League abandon in the culminating dance is simply inadequate to the work's dramatic programme.

Both concerts offered piano concertos. With the Hallé Rudolf Buchbinder delivered a strangely schizoid account of Beethoven's G major concerto—self-effacing to the point of blandness much of the time yet totally contrasted views of the concerto had been unconvincingly welded together. Elegantly accompanied by Pesek and the Philharmonia, Emanuel Ax offered a scrupulously well pointed version of Mozart's E flat Concerto K.482, purveying an eloquent line in *mezza voce* in the slow movement, yet holding the music at arm's length elsewhere.

Exhibitions/David Piper

Private painters on public view

Readers of these columns will be aware that the extensive survey "British Art in the Twentieth Century," at the Royal Academy, has not met with unqualified acclaim. Bryan Robertson has blown it almost out of the water in these pages. William Packer has salvaged it to some extent, though again his reservations were real. Meanwhile, according to report, visitors throng the galleries of the academy—and rightly, as no one can deny that many many splendid pictures and sculptures are to be seen there.

It is perhaps a matter of labelling. If it were a concoction on sale to the public *(though in a way it is just that)* it might be held to be contravention of the Act, as its ingredients do not fulfil the promise of the label, so many that are valuable, indeed integral, in the British achievement of this century being omitted. William Packer saluted the current inaugural show, in the nearby Albemarle Gallery, as a virtual "Salon des Refusés," as a necessary correction of imbalance. He has also formulated a text that should *never be forgotten by those* responsible for such sweeping surveys, of the danger of concentrating over much in looking "both to influence given and influence received as criterion of value and success, rather than to the works themselves on the their own terms, inalienable, self-sufficient and idiosyncratic, and beautifully done."

Both Robertson and Packer listed many artists whose work in their view should have been included, and holds indeed attention in the Tate and in West End gallery shows. But such is the variety that makes up the fabric of British art in this period, there are still others, whose works, when they are suddenly called to public attention, make one wonder where they have been all this time. One such is Nan Youngman, happily still with us (80 last year), whom Kettle's Yard at Cambridge is celebrating (till March 1—closed Mondays) in what is only her second retrospective ever, the first having been at the Minories, Colchester in 1971. It embraces over 160 works.

Among those interested in art education, her name is surely not forgotten; since she left the Slade in the mid-1920s, she has been tireless in the often thankless nitty-gritty of *art administration* and *organisation*, pioneering ventures like the "Pictures *for* Schools" scheme, studio workshop and *so forth* — and in teaching, in helping people, all-comers, simply to look. But all the while she has been producing paintings and drawings, in style reflecting her own character, radical yet traditional, honest and modest yet formidably direct. "inalienable, self-sufficient and idiosyncratic." Her work has been little seen in London in the past decades. And where has it gone? Simply, to live with modest private collectors, especially those who constitute a devoted following in East Anglia.

"Over to the Sea," oil 1974, by Nan Youngman

She has painted on the East Coast of the US and on the West Coast of Africa, in the West Indies and often in France, but the territories that she has claimed as her own by right of vision are primarily Wales and East Anglia. Welsh are the Rhondda Valley and the hills, a ground swell that may be constrained or countered by the march of terraces of identical miners' cottages, doors, windows, chimneys, going sometimes like a drum beat. East Anglia, Norfolk, the Fens, lowlands under a huge sky in a light that is often marine. The sea, the seashore is an element that recurs in Wales or East Anglia. One of the most impressive canvases is simply of a path of planks laid sideways on through dune sands down to the sea, featureless of incident other than the subtle shifts of tone and colour and the recession of the planks, part drifted over. Almost, and yet very much not, an abstract.

Colour and tone modulations are generally muted — earth colours, blue or grey of sea or sky, but now and then a startle of sharp, sometimes primary, colour or blaze of white. Later paintings are often virtually miniature in size, even postcard scale. Her idiosyncracies, characters that recur, include railings, fences, posts perhaps angled askew, beach huts. She has used watercolour increasingly.

Many are not—though some splendid ones are—what one would think of as "gallery pictures." They might be shouted down by brasher neighbours, yet if you try to give them a passing, familiar, nod, they are likely to call you to order. At her best, her sense of proportion and interval, of modulation of tone, the tautness of her tuning, are immaculate. "Influence given and *influence received*" are *indeed* not profitable topics here. The intensity of her concentration can indeed produce images of everyday that can only be described as surreal, but these are pictures to live with though familiarity will not dispel their potency of strangeness. *A House in Anglesey* is a solitary cottage, four-square central against the tall backdrop of the sea; on the left, telegraph poles, mute; on the right, a string of washing, signalling.

At the New Art Centre in Sloane Street is another retrospective by an English painter of notable talent whose work has dropped out of circulation since his sadly premature death, aged 49, in 1951: Barry Craig (till February 28). It is his first show since then, and modestly conceived, less than a score of paintings and mostly that have stayed with his family: landscapes, two or three figure studies, portraits, of serene intimacy. He must have overlapped with Nan Youngman at the Slade (his Slade diploma *painting here is an astonishingly* accomplished celebration of English picnic as a ceremonial ritual), and like her went on to become a brilliant teacher, first in South Africa, then at St Martin's, besides a fine painter. The nature of his mature landscapes shown here can perhaps be indicated by suggesting they are in the vein first explored in England by Christopher Wood, with some of the same subjects—ports of Brittany or Cornwall, holiday—but while very freely brushed, more solid in colour. Somehow they recall to me something of the quality of Derain landscapes of the 'twenties, but when Craig set about (of all subjects) Mt Ste Victoire, it is not Cézanne's nor for that matter, Derain's, but his own, in a splendidly solid composition. In person, Barry Craig was so well loved that it is his person rather than his work that has been remembered and cherished. This show should adjust the balance. I know no more tender and grave statement in British art since the war than his "The Yellow Jacket" indeed "beautifully done."

The Gift/Arts, Cambridge

Antony Thorncroft

Philip Davis, a young actor who bears an uncanny resemblence to both Roger Daltry of the Who and to Michael Crawford, is cornering the market in gambling musicals. Last year he was pushed around by Mel Smith in *The Gambler*, which sparkled briefly in the West End; now he takes the lead in *The Gift*, a new play by Anthony Milner about a manic poker player, which the New Vic Company is touring round the country, resting this week in Cambridge.

It is an ambitious piece. There is a cast of 17, a five-strong band — Brian Protheroe featuring prominently on both lists — an elaborate double set by Mark Thompson, and a direction from Michael Bogdanov. For a flight of fancy there is a genuine Hollywood survivor, June Havoc, playing a minor role as a superannuated bar room queen living off her memories. Anthony Milner is on hand to maintain discipline by both producing for the New Vic and appearing on stage.

With so much bustle there is surely some reasonable play bursting to get out, but much work needs to be done before *The Gift* is ripe for serious exposure. For a start it is dreadfully over-egged, with the traditional, and, *to some extent*, sure-proof story of a young card shark of prodigious talents driving himself to remorseless ruin, being observed from above by a group of old time gamblers in some fanciful casino in the sky. It would not matter so much if they only sat and gazed at the young man, but they are burdened with ornate ethereal dialogue which crashes badly with the hard-nosed chat of contemporary Atlantic City.

Not that Milner is entirely at home with that. Few young American gamblers talk about "wardrobes" and when the tough gangland poker players of the opening scene ponderously dissected their hands to explain who had won (for the obvious erudition of an English audience) there were the makings of a marvellously cod evening. It also reduces most of the tension to discover that Charlie Molloy, the hero, gets his talent through *the old Beano whizz of being* able to "read" his opponents' cards.

The Gift is saved by a committed performance by Philip Davis, aided by Alfred Lynch as his sidekick who manages to conjure up some Runyonesque flavour, and by the music of Julian Littman: his country and western songs are strongly sung by Moira Brooker. This is popular theatre with lots of noise, dramatic effects and easy *sentimentality. It may not rate* highly as drama but it is rarely boring.

Sadler's Wells spring programmes

The spring season at Sadler's Wells will open with the Kodo Drummers from Japan, performing for two weeks from March 16. They are followed by one of Israel's leading modern dance companies, Batsheva, who will present two programmes during its one-week visit.

The London Festival Ballet has its annual weekly visit from April 21-25 with two programmes: these will include the world premiere of Christopher Bruce's ballet based on the life of John Lennon, *The Dream is Over* and the London premieres of Michael Clark's *Drop Your Pearls and Hog It Girl*.

The Devil's Wall/Bloomsbury

Max Loppert

Smetana's last opera, *The Devil's Wall*, is this year's University College Opera choice. It has not been performed in Britain before now, and is rarely seen even in Czechoslovakia. The reasons are not hard to fathom. It was the composer's last completed artistic statement before the final stages of syphilis set in; death was not far off. Its composition period had been long and difficult (while writing he complained of "a pounding and intense hissing in the head, day and night"): and there had been protracted—and never-resolved—misunderstandings with the librettist, Krásnaborská (author of *The Kiss* and *The Secret*), over the form and genre it should follow.

Nationalist comedy or romantic drama? In the final layout of the libretto, on which Smetana laid a heavy hand, genres are mixed with a vengeance. The plot, one of the most complicated in operatic history, piles on anti-clerical satire (the way the Devil and the bishop Benes assume the same form early on would alone require a paragraph to explain), spectacular scene-painting, historical detail, rustic comedy, and psychological mood-painting. Huge, sudden transitions of scene are demanded in a short space (in Act 3, for instance, the flooding of a monastery); the overall dramatic progression is both jerky and fitful, and each of the three acts tends to peter out.

The wonder in all this is that the opera should exert such a compelling attraction, and that its best qualities should have survived Tuesday's wretchedly misguided, crassly childish presentation. The score, unlike those of the previous Krásnahorská comedies, is a continuous fabric into which songs and ensembles, most of them quite short, are woven. Simple lyrical inspiration wells up out of the surrounding, more harmonically complex continuum. At its most telling, in the scenes for Count Vok (baritone), the principal character, the music combines heart-easing directness of expression with a degree of dramatic fluidity that Smetana had never before achieved.

This is, all the same, a Problem Opera. Accepting as much and recognising that the UCO budget doesn't allow for sophisticated stage engineering, I still feel a powerful contempt for the "solution" that producer Christopher Newell and designer Mark Bills had devised. Smetana's syphilitic condition determines the framework. The single set is an Edward Gorey-style lunatic asylum peopled by *Marat/Sade* inmates: Smetana himself sits at the side, leaving it to take the part of Vok where required and semaphoring shakes and trembles where not; the principal characters are dressed as carnival freaks. The happy end is inverted.

Yes, yes, we all know that Life and Art are inextricable, but this is the silliest sort of *Hollywood*-biopic rationalisation. The beauty, variousness, and subtelty of the score are denied; the libretto seems far more foolish and impenetrable than it needs to. The student chorus, evidently finding the production fun to play in, move and sing with welcome unselfconsciousness; the main roles, however, are sadly hamstrung. Only Carol Smith, a more than promising young lyric soprano, and Grenville Hargreaves as Vok-Smetana emerge with any sustained credit — most of the others arouse pity. Christopher Fifield conducts a loud, spirited reading of the score, not always meshed to the needs of his singers.

The Bhangra Dancer

Claire Armitstead

My first taste of the Asian Co-operative Theatre was in Farrukh Dhondy's *Vigilantes*, a controversial play about Asian vigilantes in London which did not make friends and influence people. This third project, written by H. O. Nazareth, and at the Young Vic Studio, is so eager to please that it is unlikely to upset anyone; on the other hand it is unlikely to excite anyone either.

Nazareth has sympathies for all the right causes: the strength of women, the weakness of men, the danger of the "armchair radical" and the need for a synthesis of East and West. The interesting and frustrating thing about *The Bhangra Dancer* is that it falls into precisely the same trap that it sets it male protagonist — that of rhetoric without action.

It opens promisingly enough with three masked figures enacting a ritualised dance before a crazily coloured, semi-abstract cityscape on a tall screen (designer Suresh Vedak). Off come the masks to reveal a domestic drama of Shiv, a bored law graduate whose dreams of setting up an East/West band have been shelved in favour of a weekly pay packet, and Tara, his student girlfriend who finds she is pregnant.

Shiv spends his days indulging his obsession with masks, and his nights working as a telephone operator—styling himself "Spiderman the Communicator" to all his overseas counterparts, with whom he conducts elaborate conversations to slake his boredom. All well and good until "Bombay" enters in the form of the Indian wife of an alcoholic, *who is escaping her* arranged marriage and looking for her true identity.

The avenues this opens on to the conflict of culture between Asians living in India and those who have adapted to England are potentially fruitful, if only they were allowed to impinge on the drama in any significant way. Instead, we are served a standard story of love, infidelity and commitment—to which cultural issues are merely dressing.

Yet the three performers switch fluidly enough from stylised dance routines to naturalistic drama. Janet Steel and Shelley King have the weight of the argument behind them and both carry it ably. Harmage S. Kalirai puts in a more problematic performance as the ineffectual Shiv: atoning in wild gesticulation for what he occasionally lacks in verbal fluency. Sue Pomeroy directs.

Maurice Hasson/Wigmore Hall

Dominic Gill

Those who filled the Wigmore Hall to overflowing the other evening to hear the expatriate Soviet violinist Nelli Shkolnikova might have done better to have saved their enthusiasm for another day, and used it instead to swell the numbers of the (relatively) small crowd who came to hear Maurice Hasson's violin recital on Tuesday. For M. Hasson is a real violinist, who by now should need little introduction to London audiences (he is French by birth but has lived in London since 1973). The violin is in his heart, as well as his fingers; and his playing is consistently a rewarding and stylish delight.

The Mozart sonata with which he opened his programme was shaped with the greatest refinement and delicacy. Nothing precious: a faultless understanding of simple Mozartian line, a refusal to inflate or overstate, a command of expressiveness without whimsy, impeccable intonation. In his account of Brahm's D minor sonata there was no trace of *the diffidence which French* musicians occasionally demonstrate in the music of Brahms—the manner was strong and sure, the texture beautifully detailed, the gesture wholly authentic. I loved the old-fashioned depth of colouration he gave to the G-string melody *in the adagio*: an exquisite palette of rich, dark shades; and his *swing* into the finale had splendid rhythmic buoyancy, as well as considerable *lyrical* charm.

Hasson gave us the same soaring attack and richness of colour in the Franck sonata—the allegro second movement especially was a joyous conflagration: a positively luminous essay in high-romantic rhetoric from which the sparks regularly flew. His timbre in the recitativo was of a depth and complexity rarely heard from young violinists of his generation: strong and close, intimate but powerfully contained, with a marvellous vox humana plangency. I did not care overmuch for his accompanist Jean Louis Steuerman: an uneven, lumpy pianist who more often than not appeared to be listening to himself alone rather than *to his partner. His Franck in* particular, in notable contrast to M. Hasson's, was floppy, prosaic.

Saleroom

Sotheby's held a pretty routine sale of Old Master paintings yesterday but it went quite well, with a total of £649,770 and less than 10 per cent unsold. A private collector paid the top price of £39,600, double the estimate, for a still life of fruit and oysters by Alexander Coosemans.

Another picture to far exceed its estimate was a portrait of a boy with a cockerel attributed to the circle of Michael Sweerts: it was bought by Harari and Johns, the London dealers, for £20,900. Flower paintings remain popular and one by Daniel Seghers made £19,250. Another still life, this time of fruit with a lobster and by Joris van Son, fetched the same sum. Two cappricio views of Rome from the studio of Hendrik van Lint, once the property of the Earls of Buckinghamshire, sold for £18,150.

One of the great bargains among antiques are British historical models. Glendinings yesterday sold the very fine collection of Thomas Stainton for £21,846, above estimate but with prices still very modest.

The top price was the £704 paid for a portrait plaque of 1882 by Sir Edward Poynter, known as "Una Caprese."

Antony Thorncroft

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

February 13–19

Exhibitions

WEST GERMANY

Tübingen, Kunsthalle Philosophenweg 76: Toulouse-Lautrec. A retrospective of 130 paintings and picture studies by Henri de Toulouse-Lautrec (1864-1901). Ends March 15.;

Hannover, Sprengel Museum Kurt-Schwitters-Platz: Pablo Picasso, the exhibition is the most complete display of Picasso's works seen in Germany, showing the 417 pieces donated in 1969 by the industrialist Bernhard Sprengel. Sprengel, who died last year, was Germany's leading collector of Picasso's works. The exhibition, with 400 graphic art prints and 17 oil paintings covers the artist's complete artistic range from 1904 to 1968, spanning cubism, classicism and surrealism, as well as Picasso's most recent works. Ends Mar 15.

Munich, Lenbachhaus, Luisenstrasse 33: Franz von Lenbach (1836-1904). The painter had himself built a Palast in the Italian renaissance style, finished in 1891. His widow then sold it to Munich in 1925. To mark the 150 anniversary of his birth, the Lenbach Villa will be redecorated with the original furniture and paintings of the artist. The exhibition displays 180 pictures and paintings in several rooms. Lenbach, celebrated above all for his portraits, studied at the academy for arts in Munich under Karl von Piloty. Ends March 29.

ITALY

Rome: Galleria Nazionale di Arte Antica: (*Palazzo* Barberini, via *delle* Quattro Fontane): Works by Caravaggio, normally spread throughout various museums and churches in Rome (mainly from the Villa Borghese, which houses the largest number) with a handful of paintings of doubtful attribution. Ends Feb 28.

Venice: Palazzo Ducale: China In Venice: Chinese Civilisation from the Han Dynasty to Marco Polo (25-1279 AD): 150 objects, including silks, brocades, jewellery, terracotta figures, glass and porcelain lent by the Peking Museum. Many result from recent excavation, and most have never been out of China. The exhibition covers the main period of Chinese art, and the objects found in tombs, buried with the owner for his use in the hereafter, shed a fascinating light on life in the period. Ends March 1987.

PARIS

Rembrandt: The exhibition of 341 engravings is exceptional for the proofs showing the stages of Rembrandt's creative process and its imaginative presentation. Landscapes, genre scenes, portraits and autoportraits and biblical scenes testify to the diversity of inspiration and the technical mastery of the painter who was the first to consider engraving as a autonomous artistic expression. Bibliotheque Nationale, 58, Rue Richelieu. Ends May 3 (4703 8126).

Kokoschka: The importance of Kokoschka in the artistic movements of his times, revealed in last year's successful Vienna, The Birth Of A Century, is confirmed by this exhibition of some 80 drawings, water colours and lithographs. It explains why the artist, derided by the aristocracy and haute bourgeoisie because of his tormented, mercilessly soul-exploring portaits, left Vienna for Germany to become one of the founders of expressionism. Centre Georges Pompidou, Closed Tue, Ends March 22 (42771233)

SPAIN

Barcelona, Edvard Munch (1863-1944): 165 lithos, drawings and his influential graphics of his large output period. Emphasis is his preoccupation with themes of life and death (friezes of life). Fundacion la Caixa, Passeig San Joan 108. Ends March 22.

Madrid, Jasper Johns retrospective. Born in 1930, this North American artist, with Rauschenberg, was one of the originators of pop art influencing the course of art for many decades, 100 pieces: paintings, collages, assemblages of objects, plastic, metal and bronze can be seen. Centro de Arte Reina Sofia Santa Isabel 52. Ends April 5.

NEW YORK

Cooper-Hewitt Museum: The design wing of the Smithsonian housed in Andrew Carnegie's Fifth Avenue mansion, features a special show on folding fans. Organized by textile conservator, Lucy Commoner, the fans reflected the fashions of the times during their heyday from the 17th to early 20th centuries, as demonstrated in the 60 pieces of various shapes and designs. Ends May 31. (91st & 5th Ave).

Pierpont Morgan Library: Young Queen Victoria, an exhibit of autograph manuscripts, letters, drawings and other memoribilia commemorate the 150th anniversary of the queen's accession to the throne. Ends April 12.

Metropolitan Museum: 90 paintings from the end of Van Gogh's life are the focus of this second of a two-part show of the prolific artist at Saint-Remy and Auvers. The Starry Night and Cypresses come from this period working first in an asylum in Saint-Remy and then in Auvers, where he committed suicide in July 1890. Ends March 22.

WASHINGTON

National Gallery (West Bldg): The Age of Sultan Suleyman the Magnificent explores the height of art and technical development during the Ottoman Empire in 210 16th century manuscripts, silver, gems, kaftans and ceramics. Ends May 17.

CHICAGO

Art Institute: A retrospective of more than 150 of John Singer Sargent's paintings, watercolours and drawings provides the first major overview of the artist's work in 60 years, with many of his famous full-length portraits, along with landscapes and informal drawings. Ends April 19.

Art Institute: The art of Italian Renaissance armourers, with suits embossed with Greek and Roman deities and fantastic creatures of the artists' imagination, is on display in a special exhibit of French king Henry II's armour borrowed from Hever Castle. Ends Mar 1.

TOKYO

Edo Paintings and Noh Costumes: 22 exquisite works in delightful small museum, part of Okura Hotel, Okura Shukokan Museum. Ends Feb 22. Closed Mondays.

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Thursday February 19 1987

Sense of drift in Spain

JUST AS students rocked the complacency of the French Government, they have now done the same in Spain. The Socialist Government of Mr Felipe Gonzalez this week has been obliged to beat a retreat on university reforms in the face of widespread protests, whose scale and spontaneity caught it unawares.

Although the success of the French student protests undoubtedly produced a knock-on effect in Spain, it would be wrong to press the analogy too far. The Spanish Government has retreated in a far more subtle manner and has not given way on the principle of university selection; the proposal for stiffer entry requirements was one of the main sources of protest. Moreover, the Spanish Government enjoys complete dominance of parliament where it faces an ineffective and divided opposition. Thus while the Chirac Government emerged weakened from its contest with the students, the Gonzalez Government has merely seen its stock fall—a chastening experience, but not a disastrous one.

Overhaul

It would be unjust to lay the full blame for the student unrest in Spain on the government. The need for a thorough overhaul of a poorly administered and under-funded university system churning out low-quality graduates was widely recognised. However, the government can be taken to task for failing to take sufficient account of the social and economic context in which the reforms were launched. Spain has the highest rate of unemployment in the industrialised world and the largest section of these unemployed is among first time job-seekers, especially graduates. Thus the proposals for more stringent selection and a new fee structure became the spark for an inchoate protest against the lack of prospects for Spanish youth.

For a man who has always prided himself on his political antennae, this showed a surprising lack of sensitivity on Mr Gonzalez' part. Yet it reflects a more worrying aspect of his leadership. Having been re-elected last year with a comfortable majority and become Spain's longest-serving prime minister this century, he has permitted his administration to become more concerned with power than government. Admittedly, the disarray of the main opposition on the right has encouraged this state of affairs. But this is no excuse for his government's increasingly arrogant conduct and his own apparent aloofness from the electorate. It also tends to encourage extra-parliamentary opposition.

There is now an accumulating list of important issues on which decisions must be taken. Negotiations are stalled with the Americans on revision of the treaty governing use of their bases, and Mr Gonzalez still has not come clean on where he stands *vis-a-vis* Nato. He seems to want all the benefits of membership while pandering to the country's anti-American and anti-nuclear sentiments. Talks with Britain over the future of Gibraltar are bogged down, and Mr Gonzalez is caught in a potentially dangerous cross-fire from Muslim/Moroccan demands in the Spanish enclaves of Ceuta and Melilla.

Closer to home, he has found himself standing by while the Basques squabble over how to form a new autonomous government. However, the biggest problem in the wake of his retreat over the students is posed by the unions. Mr Carlos Solchaga, his Economy Minister, is determined to bring inflation into line with the European norm, and has imposed a ceiling on wage increases of 5 per cent.

The unions, especially the communist grouping which controls the large public sector companies, have slapped in claims for double the ceiling. Embarrassed by criticism from the socialist grass-roots that economic policy has failed to tackle employment, Mr Gonzalez has done nothing to support his minister.

There is a clear need to reassert his leadership and provide a sense of direction now that the great hurdles of restoring democracy and EEC entry have been achieved.

British Coal's next task

WHEN THE effectiveness of Mrs Thatcher's regime comes to be weighed, her success in dealing with the long-standing problems of the coal industry will carry special weight. This is not just because of the political threat which militant miners posed to the government in 1984-85 or because of the Conservative party's folk memory of Mr Edward Heath's defeat after the three day week a decade earlier.

The future of British Coal, now at an important turning point, will be seen as the test case of Mrs Thatcher's determination to root out inefficient practices from nationalised industries and to subject them to the discipline of the market.

After winning a bitter and expensive strike, the Government is watching anxiously to see whether British Coal's management under Sir Robert Haslam can win the peace.

Full advantage

Sir Robert and his lieutenants have been saying publicly for some time that significant changes in working practices are needed to take full advantage of the expensive heavy-duty machines being installed in a growing number of collieries. These machines are already raising the industry's efficiency in terms of output per man/shift. As a result, the industry sees its best prospect for years of breaking out of its depressing cycle of losses and dependence on the taxpayer. But if this is to be consolidated into steadily rising profits, it is argued, it can no longer afford the luxury of letting costly equipment stand idle for two days a week.

Other capital-intensive industries, such as steel and chemicals, operate on a continuous basis, as indeed do the coke ovens of British Coal's National Smokeless Fuels subsidiary. Longer working weeks are also in force in the deep mines of the US — seven-day working at non-union pits and six days at unionised collieries.

British Coal has stated firmly that major new investments in capacity, such as that proposed at Margam in South Wales, should be designed to produce coal for six days a week, with Sunday reserved for statutory safety and maintenance work. However, in spite of Sir Robert's desire to see such changes evolve smoothly and gradually, it will be surprising if the unions concede them willingly and without exacting compensating benefits for their members.

An agreement for British pits to produce coal for six days a week would be a major departure from the five-day working agreement concluded 40 years ago between the newly formed National Coal Board and the National Union of Mineworkers. In the 1930s, men in privately owned collieries had received only two or three days work a week and could be laid off at a day's notice. Nevertheless, by 1947, with Britain often short of coal, the five-day week was introduced not so much as a guaranteed minimum as a maximum justified by the unpleasant nature of mining. The NCB's 1947 annual report said it was needed because "the men who worked underground were entitled to two days' light and air." Soon afterwards, voluntary working on Saturdays was permitted because of national coal shortages, but the principle of the five-day week was never surrendered.

Over the years, underground conditions have improved considerably. But mining is still an unenviable, unsafe and unhealthy occupation, and the NUM has long been committed to winning a four-day week. The introduction of heavy duty equipment, it argues, justifies a shorter rather than a longer working week.

Long wrangle

However, British Coal cannot afford another long wrangle between unions and management which does not consider the realities of competition elsewhere in the world. In the US, Queensland, Australia and elsewhere coal is being produced far more cheaply than in Britain, partly because of much better labour practices. The price of spot cargoes of coal on the Rotterdam market is less than half the average price which British Coal is charging to its major customer, the Central Electricity Generating Board.

The leadership of the NUM seems to be preparing a determined resistance to the changes in working practices which British Coal wants. Given that the prospects of reaching some form of enabling agreement at national level look poor, the management may have to concentrate its efforts on persuading miners at local level that their interests will best be served in a modern ,profitable industry, making flexible use of new technology and equipment. The more British Coal can decentralise its negotiations over wages and productivity, the better.

STANDARD CHARTERED

Standard Chartered's Michael McWilliam (left) with "white squires" Robert Holmes à Court (top), Tan Sri Khoo Tech Puat (centre) and Sir Y. K. Pao (right).

Questions after the great escape

By David Lascelles and Clive Wolman

SEVEN MONTHS have passed since Standard Chartered Bank dramatically escaped a £1.3bn hostile takeover bid from Lloyds Bank. Yet it was only 15 days ago that the Bank of England launched—at Standard's invitation — an inquiry into how it managed to beat off the largest bid ever launched for a UK bank.

Standard has never been able to lay to rest nagging questions about precisely how it achieved this victory: hence the investigation. The questions concern, in particular, the exact nature of its relationship with the famous "white squires." They rode to the rescue by buying more than 30 per cent of its stock, knowing that if the bid failed, Standard's bid-buoyed share price would be driven down and they would end up losing large sums of money, at least on paper.

The leading white squires were Sir Yue-Kong Pao, a Hong Kong shipping magnate; Mr Robert Holmes a Court, the Australian businessman; Tan Sri Khoo Teck Puat, a Malaysian financier; Lonrho, the UK trading company led by Mr Tiny Rowland; Liberty Life, the South African life assurance company led by Mr Donald Gordon; and Dr Henry Jarecki, head of the Mocatta companies owned by Standard. Sir Y. K. Pao's position is not known. But all the other white squires had large loans from Standard. None was considered likely to spend several million pounds merely in response to an appeal to their loyalties.

Since the bid, the Brunei Government has closed down the National Bank of Brunei (NBB), which is 70 per cent owned by Tan Sri Khoo, and gaoled his son. This leaves the Khoo financial empire looking shaky, a source of further embarrassment to Standard.

Standard hopes the inquiry, being conducted by independent inspectors appointed by the Bank of England, will clear it of suggestions—which it has vigorously denied—that it helped to finance the white squires in their share purchases: in some circumstances this would be a criminal breach of the UK Companies Act. The Bank of England also has an interest in a positive outcome, insofar as it has already questioned Standard about its lending practices during the bid and concluded there was nothing wrong with them. Pressure to establish the facts is bound to be greater in the wake of the Guinness scandal, which has heightened interest in share support activities.

Whatever defence strategy Standard adopted to fend off Lloyds was likely to be unusual. With its strong links, from colonial times, with the Far East and Africa and its small UK domestic business, it does not fit the mould of a classic UK clearing bank. It could not count on the support that Barclays, for example, might be able to muster if under threat. On the other hand, it could—and did—draw on a deep well of goodwill in places like Singapore and Hong Kong, where it has helped many entrepreneurs to set up in business.

Standard may also have been able to play on the fears of business magnates, such as Khoo and Pao, that it might fall to a rival. Khoo may have had an additional motive: he is thought to have been anxious to achieve the respectability of a seat on the board of a British clearing bank.

Standard's management structure and style are different from the other clearers. It is a federation of banks scattered round the world, rather than a body controlled from the centre. Its senior people are not typical of those at the top of international banks. Lord Barber, the chairman, a former Tory Chancellor, devotes much of his time to ambassadorial missions on behalf of the bank and to philanthropic causes. Mr Michael McWilliam, managing director, is a personable man whose youthful looks and correct manner are reminiscent of a public school cricket captain.

But McWilliam surprised many City analysts and fund managers by the ferocity with which he fought back against Lloyds.

McWilliam became concerned about the build-up of a hostile stake in Standard last February, when searches of the share register suggested a growing presence of foreign investors, including Khoo. At the time Khoo's bank was negotiating a credit facility with Standard which was finally granted in mid-April, a week after Lloyds declared its hand as the surprise bidder.

Khoo came to be seen as a potential ally in the white squire strategy planned by Standard's "defence committee," led by McWilliam.

The plan was always to mobilise the white squires at a late stage in the battle to achieve maximum surprise. But things were cut fine. Cazenove, Standard's broker, swung into action to accumulate a 15 per cent stage for Pao only in the last four days of the bid.

In separate transactions, other brokers and Schroders, Standard's merchant bank, were actively whipping in other buyers for the shares. Lloyds ended up with 44 per cent, a close result which showed that the white squires played a decisive role.

Hoare Govett, Lloyds' stockbroker, suspected that Standard's supporters may have constituted a concert party in breach of the Takeover Code. But it found no supporting evidence.

The Bank of England's concern was aroused when Standard told it that, shortly after the bid, it had extended a second credit line to Khoo's bank, which gave it a potential exposure of about £25m. But after questioning Standard's managers in London, the Bank took the matter no further.

Standard claims that it has sufficient internal checks and controls to prevent loans being forced through by individual managers; loans which are either illegal or in breach of the bank's regulations would be weeded out by this process, conservative banks.

The Brunei authorities were less relaxed about Standard's loans to NBB. In early July, they decided to investigate NBB and gave two implicit warnings to Standard's Singapore office, in late July and early September, that NBB was under suspicion. But Standard continued to allow NBB to draw down its loan facilities. It had become NBB's largest creditor by the time NBB was shut down in November. Standard's decisions were more surprising in view of its reputation in South East Asia as one of the most conservative banks.

But with its large surplus in Brunei dollars, Standard has a major incentive to make loans in this currency.

A fortnight ago, McWilliam was on a skiing holiday when the first embarrassing details about the bank's lending to Khoo were published. He was telephoned from London and the decision was made to ask the Bank to launch an inquiry. At the same time, Standard issued a writ against the Financial Times over an article about its banking connections with the white squires.

The Bank's inspectors will not find it easy to cover the wide terms of reference set for them, in view of the number of foreign businessmen and financiers involved. The Brunei authorities will probably cooperate by supplying documents recording the details of the loans made by Standard to NBB and possibly other Khoo companies. Khoo will be obliged to co-operate as a former Standard director, if he returns to the UK. Holmes à Court, a Standard director, and Jarecki, an executive, are under similar obligations.

A further difficulty will be the absence of documentation on several key issues. For example, one telex sent to Standard's Singapore office by London head office says that the reasons for a decision about the second line of credit to the NBB will have to be discussed over the telephone.

The inspectors may, therefore, have to rely on the cooperation of the bank officials. One important witness is likely to be Mr Michael Brown, Standard's area general manager in Singapore.

He is known to have expressed doubts to fellow expatriates about the loans to NBB. However, last week Slaughter and May, Standard's solicitors, issued a statement denying any disagreement between McWilliam and Brown over the matter.

Another key interviewee will be Mr Stuart Tarrant, the finance director who resigned after the takeover bid failed. During the three months of the battle, a rift developed between Tarrant and McWilliam. Tarrant was less hostile to the Lloyds bid and he opposed McWilliam's white squires strategy. It was Tarrant who intervened at a board meeting to reverse a decision to extend the second £18m line of credit to Khoo's bank at the height of the bid battle.

Whatever the outcome of the inquiry, Standard Chartered looks vulnerable to a predator. Lloyds believes it suffered a tactical rather than strategic defeat last summer, and appears to be preparing for a renewed bid as soon as it is permitted to do so next July.

In the meantime, Standard's performance as a bank has, if anything, deteriorated. It has already warned UK investors that the heavy loan losses it has suffered in the Far East point to poor results when its 1986 profits are announced on March 24. And these will exclude whatever losses are incurred through loans to the NBB.

COUNTDOWN TO THE INVESTIGATION

Dec 1985-Jan 1986: Tan Sri Khoo Teck Puat's National Bank of Brunei (NBB) requests loan from Standard Chartered.

Feb-March: Khoo buys a stake in Standard Chartered, considered potentially hostile. Its share price rises by nearly 40 per cent on bid speculation.

April 4-8: Lloyds Bank bids £1.17bn for Standard Chartered. Offer rejected.

April 11: NBB granted £6m loan facility from Standard Chartered.

June 17-18: Standard Chartered approves second loan facility of £18m to NBB, then withdraws it on advice from finance director Stuart Tarrant.

June 21: Standard Chartered publishes defence document with no profits forecast.

June 27: Lloyds raises value of bid to £1.3bn.

July 4: Brunei Finance Ministry decides to investigate NBB.

July 8-11: Khoo and Sir Y. K. Pao both disclose 5 per cent stakes after massive buying. Standard Chartered's supporters' combined stake rises to nearly 35 per cent.

July 12: Lloyds' bid fails after receiving only 44 per cent of shareholders' votes.

July 23: Tarrant resigns from Standard Chartered.

Aug 20: Khoo, Pao and Robert Holmes à Court appointed to Standard Chartered board.

Late July to Nov: Standard Chartered increases lending to NBB to £24m.

Nov 20: Brunei authorities arrest Khoo's son, seize NBB property and close down bank.

Nov 27: Khoo resigns from Standard Chartered board.

Feb 3 1987: Details emerge of Standard Chartered loans to NBB.

Feb 4: Standard Chartered asks Bank of England to appoint inspectors.

Men and Matters

Welsh agency gets clean bill

Chairman, John Williams, looked pleased with himself yesterday as he heard the Welsh Secretary, Nicholas Edwards, give a clean bill of health to the Welsh Development Agency.

The two men were sitting together in the Welsh Office, Whitehall, answering questions from both London and Cardiff over a special video link.

The inquiry into the state-financed agency was initiated a year ago following the decision of Mrs Thatcher to take a hard look at all government quangos.

Yesterday Williams heard Edwards say unequivocally that the agency was "playing an extremely important role in the economic and industrial development of Wales." He added, "I see this review, carried out jointly by the Treasury, the Welsh Office, and Coopers and Lybrand, as an endorsement of the agency's approach."

Williams, a former chief executive of BOC, and currently a director of the Belfast shipyard Harland and Wolff, could afford to ride detailed criticisms of the agency contained within the report with equanimity, given such overall government approval. The report looks for simpler accounting, tighter financial forecasting, and smarter planning, among other matters.

"We are making an effective contribution to the economy of Wales," he claimed. "The Principality is becoming a very fashionable place to invest in. And that is due in no small measure to the work we have been undertaking."

But Edwards is a hard taskmaster. He expects the bulk of the report's recommendations to be implemented by the middle of this year. Which is going to give the WDA a lot of hard work in the coming few months.

"Has the row between Mrs Currie and Mrs Kinnock had any effect on which soap powder you use?"

Four-score

Senior BBC executives who meet to discuss the weekly television output had something more interesting than programmes to discuss yesterday. They had been leaked a copy of a poll on the great director general race carried out by the corporation's own television programme, "Did You See?"

Viewers have not, in fact seen the results of the poll because Bill Cotton, managing director of BBC Television, banned it from the screen.

For the record, then, the poll taken among 49 senior executives from the BBC, ITV and the independent sector, gave a boost to the candidature of Jeremy Isaacs, chief executive of Channel 4. Forty-seven per cent wanted Isaacs to get the job — and 53 per cent thought he would get it.

Among BBC executives alone, the poll revealed a marked divergence of opinion. Forty-five per cent would like Paul Fox, managing director Yorkshire Television, installed in the director general's seat, compared with 33 per cent for Isaacs. But 61 per cent predicted that the Channel 4 man would actually get the job.

Very hard cash

Foreign airlines are becoming increasingly tired of the way Liberian nationals are purchasing air tickets with sacks full of local coins.

The bags of bounty cannot be changed into the sort of hard currency which enables airlines to keep flying. And, so far, the Liberian government has shown no disposition to help the airlines out—reminding them instead of the government's efforts to pull the country out of economic crisis.

Liberia, Africa's oldest republic, founded by emigres from the United States, in theory uses the US dollar as its medium of exchange. But dollars have grown scarce in African countries as commodity export earnings have declined. So the Liberian government has tried to ease the liquidity crisis by minting five dollar coins of its own.

These local coins can now be bought on the local black marke for about two-thirds of their nominal value. One airline has unwillingly accumulated $5m in the five-dollar coins which it cannot transfer abroad.

The airlines serving Liberia have said that if the government does not solve their foreign exchange problems they may be forced to introduce a new policy—as yet unspecified —on ticket sales.

A similr row resulted in the US airline Pan-Am recently ending some flights serving Nigeria. Two-tier currencies and international air travel are uneasy bed-fellows.

Key of the door

A British company has won orders to export computer bingo to the American Indian reservations.

Technicians at Thomas Automatics in Loughborough, Leicestershire, spent six months developing a giant screen which displays all the facts about the game in progress. Winners press a button when they get a full house.

Now the company's agents are visiting the reservation to advise on how the £30,000 custom-built computers can be incorporated into bingo halls being designed by other British companies.

Company chairman, Jimmy Thomas says: "The United States is 20 years behind us in the development of computer bingo. For them it is still a game to play with ping pong balls in church halls.

"But the Indian population likes the game and has invited the British on to the reservations." Given them the key of the door, you might say.

Porter's burden

Sir George Porter, Nobel laureate and president of the Royal Society, was on top form in defence of his beleagured profession when he spoke to the Parliamentary and Scientific Committee in London yesterday. He baited, in particular, those who claim there is no correlation between scientific activity and industrial success.

"A very senior Treasury official put it to me bluntly, saying that there was too much science, it was like the butter mountain," said Porter. The official suggested that what was needed were better administrators and managers — "He just stopped short of advocating more colonial civil servants," Porter reported.

Observer

ECONOMIC VIEWPOINT

Fiscal versus economic sums

By Samuel Brittan

MRS THATCHER claims it is all very simple. She told a Barclays Bank reception in Finchley, north London: "The attitude which I have towards spending your money as the Prime Minister is the attitude I got from being in small business. I ask myself: would I do this if it were my own money?" (Note the first person—no mention of the Chancellor.)

This family metaphor does not answer the key question about the Budget; which is whether it should be based on the fiscal arithmetic or the *underlying economics.*

On present trends not only will the Public Sector Borrowing Requirement in 1986-87 turn out at little more than half the original estimate; but in the coming financial year the Chancellor will have a "fiscal adjustment," maybe of more than £4bn, which he can use either to lower taxes or to reduce the PSBR below the £7bn projected in the last statement of the Government's Medium Term Financial Strategy (MTFS).

In thinking about the Budget it is more helpful to turn to a paper which Professor Alan Budd and Mr Geoffrey Dicks have written for the forthcoming February issue of the London Business School Economic Outlook, relating the Budget to the MTFS. The MTFS was concerned to bring down the rate of inflation and to create conditions for a sustainable growth of output and employment.

These aims are still valid, in spite of the collapse of the technical monetary relationships on which the strategy originally relied. The effect of this collapse—and the increasingly unconvincing nature of official exposition of monetary targets—is that we have to move behind the technicalities to the basic objective.

This is to ensure a steadily declining path for the growth of demand in money terms, sufficient to put downward pressure on inflation, but leaving room for an increase in real output and employment, if pay and prices are suitably restrained.

The best measure for this purpose is the national income in money terms or Nominal GDP. The Treasury began to publish projections for this variable in 1982 and the monetary targets were always derived from a view of how it should behave.

The table shows that the Government has been much more successful in meeting its underlying objective for the growth of demand, as expressed by Nominal GDP, than in its detailed monetary targets. This becomes clearer if the outcomes for 1984-85 and 1985-86 are averaged to offset the distortions of the miners' strike.

In the financial year now ending, 1986-87, the London Business School expects a Nominal *GDP growth rate of just over* 6 per cent to be split between 2½ per cent real growth and 3½ per cent inflation. These figures conceal an accelerating pace of demand and output in the course of the year; and the LBS expects real growth to rise to 3½ per cent in 1987-88.

Indeed there is a danger of the boom going too far for its own good and upsetting the success achieved so far with the MTFS. The Treasury itself increased its forecast for Nominal GDP growth in 1987-88 last autumn by ½ per cent from its original 6½ per cent and the LBS now expects it to be even larger at 8 per cent. In addition, the LBS now sees a worsening *split between real growth and* inflation in the coming financial year, with the underlying rate of inflation, measured by the GDP deflator rising by 1 per cent to 4½ per cent. The fall in inflation due to lower oil prices proved a flash in the pan and was not consolidated.

This is surely a time to take *no risks* on the side of further demand stimulation. It would be sad if, after all the efforts and job losses of the last few years, we merely started climbing up a Phillips curve again. By this I mean that we would be buying a temporary spurt in growth and jobs at the expense of rising inflation.

I hesitate to mention the likely current payments deficit, as it will be easy to finance and will in any case be a symptom of other problems. Indeed a current payments deficit and an increase in inflation are alternative responses to an excessive growth of domestic expenditure, faster than the home economy can meet on a non-inflationary basis.

How then do we prevent, or reverse, any inflationary take-off without the need for jamming on the brakes abruptly later?

The LBS authors suggest an approach to achieving the goals of the MTFS which is indirect in that it focuses on the PSBR rather than Nominal GDP directly. For that very reason it may have sex appeal in the financial markets.

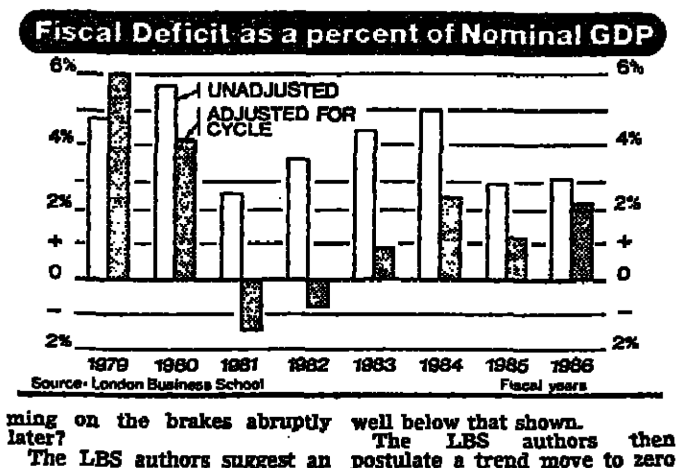
They start from the fact that the UK public sector debt is about half of GDP. This is quite low by British historical standards, although not by international ones. To stabilise this proportion, the ratio of the PSBR to GDP must equal half *the rate of growth of Nominal* GDP. The PSBR for this purpose should exclude asset sales, which merely replace sales of fixed interest securities by sales of equity to finance the same deficit.

The fiscal deficit shown in the chart accordingly excludes asset sales. The shaded rectangles are an attempt to allow for the economic cycle. The 1986-87 outcome will almost certainly be well below that shown.

The LBS authors then postulate a trend move to zero inflation by 1992-93. If that happens the growth of Nominal GDP should by then be the same as that of real GDP, taken to be 2½ per cent per annum. If the public sector debt ratio is to remain stable, the PSBR—shorn of asset sales—would then have to be 1¼ per cent of GDP. The LBS projection shows a gradual path towards this ratio, starting from 2 per cent to 3 per cent in 1986-87.

Unfortunately I see snags in this approach which could *rationalise a more expansionist* 1987 Budget than the authors would really like to see. Their suggested path allows the Government in the coming financial year a PSBR, as normally published, of £5¼bn. On present form the Chancellor may well be able to stay within this level even if he cuts £2bn off taxes, worth 2 per cent off the basic rate of income tax—or maybe even more.

Fiscal Deficit as a percent of Nominal GDP



Source: London Business School

Looking further ahead, there are many adjustments which could raise the LBS long-term PSBR path. "No inflation" even in the most sound money countries tends to mean a 2 per cent annual trend rise in prices. If one accepts this interpretation and shades up slightly estimated real growth, one ends up in 1992-93 with a 5 per cent growth of Nominal GDP and PSBR target of 2½ per cent of GDP, excluding privatisation. This is little if at all higher than likely in the coming year and would suggest that fiscal retrenchment can soon come to an end.

Suppose we knew nothing about the fiscal arithmetic, what advice could we reasonably give the Chancellor? First that the Government should commit itself to do all in its power to prevent sterling sliding further and, if possible, to stabilise it at just above present levels.

Secondly, the Government should do nothing to stimulate spending further, whether by tax cuts or expenditure increases. In other words no overall tax cuts, or "zilch" as they call it in the vernacular.

Tim Congdon of Messels now warns us not to take the Budget too seriously because the growth of personal sector credit of £33bn pa, is far more important than marginal changes in the fiscal position. This is a bit rich, coming from someone who was passionately denouncing the Chancellor as an inflationist a little while ago for not going for a "balanced Budget."

Unless they are prepared to advocate a very sharp rise in interest rates — with all the exchange rate consequences—or a restoration of severe credit controls or the institution of a dual interest rate, City economists perform no useful purpose by moaning and groaning about bank lending and credit.

Arguments about magnitude, or other influences, are not a justification for going in the wrong fiscal direction, or failing to do as much as possible on that front to stabilise the economy.

A sensible economic strategy would involve devoting all or more than all the £4bn or so fiscal adjustment to reducing the PSBR. In Mrs Thatcher's terms it *is putting* something away for a rainy day. In macroeconomic terms it would reduce the inflationary risks immediately ahead, while putting the Chancellor in a good position to stimulate demand in the face of a future slowdown.

But both the LBS and the Treasury oversell the effects of a low PSBR on interest rates. An "*irresponsible*" *fiscal policy* raises interest rates; but if this is avoided the main influence on interest rates are the worldwide real rate of interest and expectations about sterling.

How far can the very optimistic conventional fiscal arithmetic modify the austerity of this prescription?

It would in my view be worth taking a risk with demand management to use some of the fiscal adjustment for structural changes which reduce the underlying unemployment rate compatible with stable inflation, or improve supply performance in other ways. By this I mean first and foremost incentives to profit-related pay far greater *than those suggested in the* official Green Paper. Something could also be done for employee share schemes. Secondly, I mean job-creation measures specially tailored to the long-term unemployed. Such structural measures, which tend to have a low first-year cost, would leave room for a massive reduction in the published PSBR.

Neither Labour nor the Alliance parties will carry conviction if they oppose tax cuts, not out of fiscal prudence but because they want more public spending instead. If politicians are to put too much money into circulation, it is less bad that it should end up with families and businesses, whose money it *originally* is, rather than with the public sector. Best of all would be for them to refrain from handouts in either direction.

Projections and Outcomes for Nominal GDP

Source: Treasury, London Business School

Treasury Projections	1982/3	1983/4	1984/5	1985/6	1986/7	1987/8
	% GROWTH					
1982	9·8	9·6	9·4	–	–	–
1983	–	7·6	8·8	7·5	–	–
1984	–	–	7·9	6·7	6·0	5·7
1985	–	–	–	8½	6½	5¾
1986	–	–	–	–	6¾	6½
1987 (LBS forecasts)	–	–	–	–	6·1	8·0
Outcome	9·0	7·9	6·9	9·8	–	–

Lombard

Ears bend to the bankers' plea

By John Plender

THE BRITISH are a curious lot. First, they deregulate their financial system, thereby undermining the club ethic in the City of London. Then they try to recreate the club by legislating to prevent unwelcome foreigners buying into the banking system. Is there really any justification for the Treasury's concession this week to the banking lobby whereby foreigners will be excluded unless British banks enjoy reciprocal access in the purchaser's home market?

Clearing bankers have always argued that their role in the monetary system makes it undesirable for them to fall into *foreign hands. Well, yes, up to* a point. The US attempt to freeze Iranian deposits in London in 1979 did indicate the potential for harmful foreign influence. But this is not what really worries the banking lobby. The clearers are paranoid about *le défi Japonais* and the Government has obliged them by putting a reciprocity clause into the Banking Bill, just as it did with the Financial Services Act.

The trouble with this is that it will end up providing blanket protection for the whole UK banking sector. Yet there is nothing in the nature or scale of the operations of the merchant banks that makes them strategically significant. The accepting houses, however, offer a rather different argument for protection. Their business, they say, is based on confidence. Foreigners tend to have lower standards of behaviour than the native British banker, runs the (altogether xenophobic) argument; and in a world *where the Bank of England's* system of nods and winks no longer works, a ring fence is the only way to protect merchant banks from losing their clients' confidence, and perhaps ultimately their deposits, if a foreign predator sits on their tail.

The clincher, as far as the accepting houses are concerned, is the case of Brown Shipley Holdings, one of the smaller members of the club with a not overly impressive earnings record. Last year Brown Shipley was concerned to discover that Henry Ansbacher, which is controlled by the Belgian Pargesa group, had acquired with its associates more than 20 per cent of it share capital. The bank argues that both existing and potential customers were genuinely worried about the impact of any outside influence on the quality of the advice given by the bank. So the stake had a damaging effect on the business.

To anyone but a banker this looks like special pleading. The possibility of an unwelcome outsider buying a share stake is, after all, one of the penalties of coming to the stock market for equity capital. Some might think that Brown Shipley's clients were a peculiarly sensitive bunch. And surely people hire merchant banks precisely because they are supposed to be skilled in handling such situations. When the American predator Saul Steinberg was nibbling at Mercury International, parent of S. G. Warburg, Mercury found a friendly Canadian pension fund to buy him out at a fancy price. Indeed Brown Shipley itself has seen the Ansbacher stake removed to the more friendly hands of Kredietbank.

A more surprising aspect of the whole affair concerns Mr Ian Stewart, Economic Secretary to the Treasury, who is responsible for the bill. Until taking up his present post in Whitehall Mr Stewart was a director of Brown Shipley. As the bill comes to its third reading today the Opposition might well feel that concessions to the banks would have looked better coming from another minister.

People in the City are no less grateful for that—especially Hill Samuel, which has an Australian predator called Mr Larry Adler sitting on its tail. Since British banks do not enjoy reciprocal access to Australia, Mr Adler looks like being blackballed. For its part Hill Samuel is no doubt hoping for a late election to ensure a smooth passage for the bill and a rapid exit for Mr Adler.

Letters to the Editor

Business schools

From Mr M. O'Shea

Sir,—So Britain's foremost business schools are under strong competition from overseas (February 13) and the wicked government is cutting their grants. Even worse, this *is just at the very time that* they wished to expand their subsidised places.

Unfortunately, the obvious answer of raising the cost to the elite UK students is not seen as viable. A request for more than the £1,700 per year presently charged might lead students to go elsewhere—perhaps even overseas (INSEAD?).

There seems to be only two conclusions to be drawn. Either British business school education is worth the full cost, in which case in an efficient market students will be willing to pay for it, or it is not, and yet another British industry, too long subsidised, is failing to provide value for money. If the business schools cannot learn to compete how can they teach our future leaders of British industry to be able to do so?

Perhaps it is time to let another lame duck sink or swim without the taxpayers money.

Michael O'Shea.
3 Thornbury Road, SW2.

India's village load

From Mr V. Bhaskar

Sir,—John Elliot's report, "Lightening India's village load —aluminium bullock carts and the social order" (February 14), revealed a one-sidedness in the perception of India's backwardness which needs to be redressed. The caption to the photograph of a bullock cart—"symbol of stubborn resistance to change"—captured succintly the tenor of the report. India's poverty and backwardness was because it "resists inventions and innovations that could upset *the established social* and economic order."

Despite the promises of successive governments to eradicate illiteracy, nearly 60 per cent of the population remain unlettered with a consequent ignorance of modern science. Nevertheless, a large section of the "deeply resistant world of India's 600,000 villages" have participated in the Green Revolution. With the adoption of high-yielding varieties of seeds, a chronically deficit and dependent country has become practically self-sufficient in food. Research findings have been unambiguous — peasants have not hesitated to adopt the new technology where the requisite back-up facilities such as irrigation and credit were available. Conversely the failure of certain regions to adopt the new technology is due to the lack of investment in irrigation and the predominance of archaic agrarian structures which rack-rent tenants and deny them security of tenure.

Prime Minister Rajiv Gandhi's modernising zeal would perhaps be most useful if he extended irrigation and implemented the laws already on the statue books to reform the agrarian system so that the majority of the population could gather the fruits of technological progress. A more serious effort to eradicate illiteracy could also do wonders.

The bullock cart itself would stay for some time to come. India needs new technology, but a technology which must be assessed carefully and found appropriate to her needs. Whether aluminium carts are a boon or not has to be assessed in relation to their technical suitability to village conditions as well as their effect on local employment.

Perhaps we can hope in the future for a more balanced assessment of India's backwardness in place of this quaint superficiality, which while understandable in one used to a completely different social milieu does little to advance our understanding.

V. Bhaskar.
St John's College, Oxford.

University accounting

From the Vice-Chancellor, City University

Sir,—In his commentary "Boardroom approach to academe" following the publication of the Croham report on the University Grants Committee, Michael Dixon (February 11) referred to the proportion of universities' expenditure deriving from public funds as being 85 per cent. This would be a correct deduction if one could rely on the figures in the report to derive such information.

The form of accounting required of universities in making their returns to the UGC currently understates income by about 70 per cent, since it excludes activity not directly related to teaching and research, and does not distinguish between public and private funding under several of the headings. For this institution in 1985-86 the block recurrent grant from the UGC was only 39 per cent of total turnover and the total fraction of public funding was 58 per cent, as can be seen from our published accounts. These percentages will decline for the remainder of this decade.

In determining the amount of direction and oversight to be exercised by any remodelled UGC, it is important that the arguments should be based on figures which do not overstate the current contribution to income flowing through the UGC or deriving from public funds.

(Professor) R. N. Franklin.
Northampton Square, EC1

Full force of the FSA

From Mr J. Newbegin

Sir, — I refer to the very interesting article of February 12 entitled "An American look at the Guinness affair." I should *make it clear that my comments* are of a general nature, and are not a reference to the Guinness affair.

The authors of the article point out that United States law and United Kingdom law approach, in quite different ways, the question of alleged securities manipulation by a company. They make the point that while in the United Kingdom the issue is whether financial assistance was given by a company to buy its own shares, in America the focus is on whether there has been stock market manipulation in contravention of SEC Rules 10b-6 and 10b-5.

Once the Financial Services Act comes into full force, however, it will be possible for the same approach to be adopted in the United Kingdom as in the United States. This is because S.47(2) of the Financial Services Act states that "Any person who does an act or engages in any course of conduct which creates a *false* or misleading impression as to the market in or the price or value of any investments is guilty of an offence if he does so for the purpose of creating that impression and of thereby inducing another person to acquire, dispose of, subscribe for or underwrite those investments. . .". It is interesting that this sub-*section closely follows the relevant* SEC rules dealing with stock market manipulation.

The advantage of being able to rely upon this sub-section of the Financial Services Act rather than using S.151 of the Companies Act 1985 which prohibits financial assistance except in certain limited circumstances, is that the difficult questions of law which can arise under the Companies Act will be avoided.

It does not appear to have been generally appreciated how wide the effect of S.47(2) of the Financial Services Act will be once it is brought into force and it will be interesting to see what use the relevant authorities will make of this new weapon.

J. L. T. Newbegin.
Cameron Markby,
Moor House,
London Wall, EC2.

Essentials for progress

From Mr J. Crossick

Sir,—It is interesting to compare "Gorbachev's new look" (February 16) with the policies of Mr Deng Xiaoping.

Both states have been, in economic terms, performing far below their respective potentials. Both are now led by men who are, relatively speaking, radicals. Both administrations are eager to adapt their socialisms to the needs and requirements of the 21st Century.

But note the difference between their approach. Mr Gorbachev has set about tackling the flaws in the Soviet political system. He is doing so before venturing on any far reaching economic reforms. Mr Deng Xiaoping on the other hand, has launched China's four great economic reforms far ahead of any corresponding political reforms.

Meanwhile, the west seems to understand the fundamental problem facing all brands of Socialism. Economic democratisation is essential for progress. That democratisation may severely undermine a nation's political status quo. Consequently, to what degree should the state consider extending political democracy?

It is a paradox that Socialism seems to be the conservatism of our day.

John Crossick.
3 Park Crescent,
Mews East, W.1.

Support for marketing

From Dr B. Witcher

Sir,—In "The chicken and egg of marketing" (February 17) Charles Batchelor explains the DTI support for a marketing scheme.

The support given is to help formulate marketing strategy and plans, not just to research markets (unlike previous DTI support), and this help is not being made available to new *enterprises.*

The national coverage is also patchy, the nearest marketing support centre to the north-east is Salford! This area is crying out for assistance of this sort.

Contacts with Salford seem rather chancy, despite leaving telephone messages and sending the odd letter, nothing seems to *come back to us. Perhaps the* whole programme needs a marketing plan.

(Dr) Barry Witcher.
Durham University
Business School,
Mill Hill Lane, Durham.

FINANCIAL TIMES
Thursday February 19 1987

Hard times ahead for ABM treaty talks

World peace is at stake as all sides quibble over the interpretation of the only operative major arms control pact, argues Robert Mauthner

Mr Caspar Weinberger – supporter of the broad interpretation

Senator Sam Nunn – warning of a major confrontation

ONE OF the main failings of legal documents is that most of them are open to several, often conflicting interpretations. The 1972 Anti-Ballistic Missile Treaty between the US and the Soviet Union is no exception, although the consequences of adopting one interpretation rather than another are immense and could be disastrous for world peace.

The arguments both between the US and Soviet governments and between the hawks within the US Administration and their opponents at home and in Europe have become *so arcane and wrapped up in technical* and legal jargon that the man in the street, whose very survival can be said to be at stake, can only throw up his hands in despair.

Yet the fundamental positions of the two superpowers are clear enough. President Ronald Reagan *wants to develop and deploy* a space-based defensive system – the Strategic Defence Initiative (SDI) – to replace the current policy of mutual deterrence based on massive arsenals of strategic offensive weapons.

Mr Mikhail Gorbachev, the Soviet leader, strongly opposes the whole project because he *fears* that it would provide the US with a shield behind which it could launch a nuclear first strike without fear of retaliation.

In addition, it would involve the Soviet Union in an enormously expensive competing programme which it could ill afford at a time when Moscow has switched its priorities to modernising the economy and raising the standard of living of its population. To add weight to his position, Mr Gorbachev has made the abandonment of SDI by the USA condition of any comprehensive nuclear arms control agreement with the US.

To justify their respective positions, Washington and Moscow have turned to the text of the only operative major arms control agreement *between the superpowers* – the ABM treaty – only to become embroiled in disputes about "narrow" and "broad" interpretations of its provisions.

The two separate, though closely related issues at stake are whether the treaty permits the deployment of a space-based defensive system as envisaged by President Reagan and whether it allows the development *and testing of the latest* so-called "exotic" technology such as lasers and particle beams.

If it were not for certain "agreed statements" and a secret "negotiating record" appended to the treaty, the answer would be simple. Article V of the treaty states clearly that "each party undertakes not to develop, test or deploy ABM systems or components which are sea-based, air-based, *space-based*, or mobile land-based."

Unfortunately for Mr Gorbachev, however, "agreed statement" D attached to the treaty robs Article V of its admirable clarity. It states that if "ABM systems based on other physical principles and including components capable of substituting for ABM interceptor missiles, ABM launchers or ABM radars are created in the future, specific limitations on such systems *and their components* would be subject to discussion."

The supporters of the "broad" definition of the treaty, with Mr Caspar Weinberger, the US Defence Secretary, in the vanguard, argue that this statement opens the door to the development and testing of advanced systems which were only a twinkle in the eyes of scientists at *the time the ABM treaty was* signed.

By contrast, the "narrow" interpreters, and they include several of the original treaty negotiators on the American side, maintain that futuristic components such as lasers and particle beams which have been developed since a treaty came into effect can be tested only if they are part of a permitted ABM system. That, in practice, means only land-based systems.

Mr Weinberger told the US Senate Armed Services Committee on Tuesday that President Reagan would decide within the next few months whether to conduct tests under the "broad" interpretation of the ABM treaty and hinted strongly that his decision would authorise such a step.

"The President, in 1985, thought that the broad, *legally correct* interpretation was the one we should use ... and now we are moving rapidly towards the proper interpretation," he said.

Yet it is highly significant that the US is still conducting the debate "by the book." If President Reagan really wanted to he could opt out of the treaty altogether by giving six months notice. Article XV of the *treaty specifically gives a signatory* the right to do so "if it decides that extraordinary events related to the subject matter of this treaty have jeopardised its supreme interests."

The fact that Washington has not contemplated such a step, at least not yet, is an indication of how politically sensitive the whole subject has become. President Reagan faces the prospect not only of a complete withdrawal of the Soviet Union from arms control negotiations, but also of a serious rift within the Atlantic Alliance and a domestic political row of mammoth proportions.

Senator Sam Nunn, the Democratic chairman of the Armed Services Committee has warned the Administration that it risked a major constitutional confrontation and the end of arms control during its term of office *if it adopted* the "broad" interpretation of the ABM treaty without full prior consultations.

Senator Nunn clearly had in mind consultation of Congress, but for Washington's European allies the consultative process must extend to other Nato members, who have already made it clear that they are opposed to a less strict interpretation of the treaty.

Mrs Margaret Thatcher, the British Prime Minister, agreed with President Reagan at Camp David in December 1984 that any SDI-related deployment would have to be negotiated between the US and the Soviet Union.

This commitment was fleshed out at a subsequent meeting between the US and British leaders two years later, after which they issued a joint statement stressing that the nuclear and conventional arms control process should continue to be the subject of close consultations within the Alliance.

Since then, reminders to the US of its undertakings to its Nato allies have come in thick and fast from European capitals, including one from Mrs Thatcher and Mr Bettino Craxi, the Italian Prime Minister, after their meeting in London last week.

Perhaps the most specific recent statement on the subject has been made by Mr George Younger, the British Defence Secretary, who said on arrival in Washington earlier this week: "I certainly would not wish to commit the British Government to anything which I had not seen *in the greatest detail* – the fine print – and gone over it carefully." Not a single European Nato member would wish to take issue with Mr Younger's remarks.

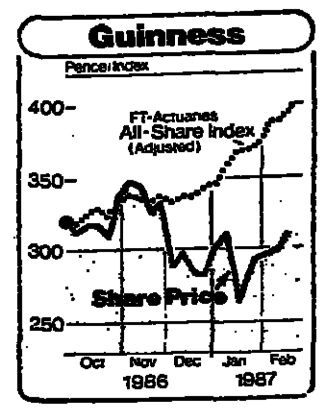
In response to the concern expressed by its European allies, some members of the US Administration, notably Mr George Shultz, the Secretary of State, have given assurances that America's partners would, indeed, be fully consulted before a decision was taken on a reinterpretation of the ABM treaty.

Consultation, however, does not *necessarily mean that their advice* will be taken, as the breaking of the limits imposed by the Salt II treaty by Washington last year has demonstrated.

THE LEX COLUMN

Murk at the end of the Tunnel

Executive search, at the highest level, can never have been so much fun. As every head-hunter knows, the best placements are those which trail the maximum number of vacancies behind them. The appointment of Mr Michael Julien to join Mr Anthony Tennant on the top bench at Guinness is, in these terms, more than just a very good choice for Guinness: it is a triumph of Mephistophelian head-hunting, causing exquisite misery to the struggling Eurotunnel company from which Mr Julien has been plucked. The resulting difficulties at Eurotunnel are considerable.



Although the financial team that Mr Julien had assembled is well equipped technically, and the tunnel's debt finance is substantially in place, the loans are not particularly *straightforward. With several dozen* banks involved, there is a clear need for Eurotunnel to have a financial *director* with sufficient banking clout to stop the threads from fraying in the period before the final equity layer is put in place.

Mr Julien was, moreover, the tunnel's *only executive director* with any drawing power when it came to raising equity in the City of London. It is said that the replacement co-chairman, to be named tomorrow, will supply this commodity. Unless he does, in very full measure, there will be great difficulty in pumping inky-black stout out of the financial workings.

Perhaps because more actual money, and jobs, are already at some risk in Guinness, the drinks group may have received priority in places where these things are alleged to be fixed. It *is certainly* true that putting some really respected management into Guinness was an urgent need, and the Tennant/Julien team combines very much the mixture of marketing and financial skills which swung institutions behind the Guinness/Distillers merger last year. Were it not for a possible overhang of the infamous Guinness support buying, around 350p, and for the rumbling fear of post-Saunders litigation, the shares would be next to irresistible.

London and Northern

Mr Jock Mackenzie's recommendation that London and Northern shareholders accept the 81p cash per share offered by Demerger Two, while insisting that the board *will take no such action, is like the* captain of a stricken vessel remaining on deck while urging women and children to take to the life rafts. The problem is that in this case, the life-rafts will probably sink as well.

That is not to say that London and Northern is going under. The point is that this bid – in common with all reconstructions – requires 90 per cent acceptances to prevent it lapsing. And although 81p cash looks very attractive with the shares at 66p in the market, the 90 per cent target may not be reached, what with the *directors holding* around 3 per cent and the usual level of abstinence through death or ineptitude. Indeed the gulf between the market price and the cash theoretically available is an acknowledgement of that difficulty.

There are those who suspect that, following London and Northern's last minute revelation of civil engineering losses and lower than expected healthcare earnings, Demerger Two is now quite relieved that it requires such a high level of acceptances. The bidder nevertheless *still appears to believe that it* can extract value of more than 90p a share by dividing up L and N into four companies and floating them off. Yet the flotation of the healthcare company currently looks an impossibility, since it would encapsulate a bad debt of £25m.

As London and Northern is a long-time income stock with few prospects of paying a final dividend, its chances of institutional support seem negligible. The most likely outcome is that a large majority of those institutions will vote with their feet but will be unable to walk away. No fun for anyone.

ITT

So much dust has been kicked up by ITT's rash of divestments that the quality of underlying growth remains as difficult to track now as it presumably was in those far-off empire-building days of the late 1960s and early 1970s. But while the markets seem enamoured enough by the latest flurry to push the share price back to within spitting distance of the $70 recorded in 1971, the sovereign state has yet to prove it has found a new role.

After picking through the various special charges, yesterday's 1986 figures no doubt understate the continuing improvement in earnigs by up to a dollar a share – possibly even more if the tax charge triggered by the sale to Alcatel can be *offset* elsewhere. Yet, even allowing for a surge towards earnings of $6 a share next year, the prospective p/e at a 40 per cent discount to the market is only a fair reflection of the return on equity.

The historic sale of the European telecommunications business – which was providing 25 per cent of sales and only 5 per cent of earnings – will certainly improve the quality of earnings. But while Wall Street is hardly going to sneer at a company taking over half its earnings from finance and insurance, the remarkable shift from manufacturing to service industries has not been without difficulties, like Sheraton Hotels.

The $80m provision for further restructuring is sure to increase the dominance of finance and may cover the sale of the hotels and of ITT Rayonier. Anyone fortunate enough to buy the stock in 1984 at $20 a share is now sitting pretty, but despite the company's apparent rehabilitation it has barely kept pace with the market over the past 18 months. With gearing down below 28 per cent there is likely, however to be one energetic buyer – ITT itself.

Egypt, IMF agree on economic reform

BY TONY WALKER IN CAIRO

EGYPT and the International Monetary Fund have agreed in principle a package of economic reforms that would lead to price increases of some subsidised goods and services in exchange for a standby credit of $300m.

A senior Egyptian official said the terms of the draft agreement were flexible and should cause no serious political problems for the Government. "Words are never complete victories nor complete defeats," the official said.

Dr Shakhur Shaalan, the IMF's regional director, was due back in Cairo this week to receive a copy of the letter of intent, which is expected to be approved by President Hosni Mubarak. The document will be forwarded to the IMF board in Washington for approval.

The main points of the agreement, concluded in the past few days, are: A streamlining of Egypt's multi-tiered exchange rates system within 18 months, increases in energy prices such as a fuel oil, a gradual liberalisation of interest rates, bigger incentives for farmers producing staple commodities, stronger action to reduce the budget deficit, further efforts to restrain imports and to encourage exports and more encouragement for the private sector.

Egypt appears to have secured IMF concessions on the timing of the proposed reforms. The Fund had initially demanded that Egypt abandon immediately its various official rates of exchange, which bear little relation to the real value of the Egyptian pound against foreign currencies. The IMF also appears to have shown flexibility on the liberalisation of interest rates, agreeing to a more gradual approach than first demanded.

An IMF agreement to provide about $300m in balance of payments support will open the way for Egypt to reschedule its government-guaranteed debt through the offices of the Paris Club, a group of western creditor nations which operates under the auspices of the French Treasury.

Egypt is heavily in arrears to its major creditors and is falling further behind in repayments on its $38.6bn foreign debt. Arrears increased from $800m in 1982 to $4.4bn by mid-1986, according to the latest IMF report.

The country faces increasing difficulties meeting repayments, particularly on its military debt to the US of about $4.3bn, with $500m falling due each year.

Major western creditors, notably the US, France, Spain and Italy through the Paris Club, have indicated they are willing to reschedule *on highly favourable terms most* of Egypt's government-guaranteed debt of about $12bn.

A residual gap of about $1bn not covered by rescheduling will be taken care of by World Bank loans and assistance from donor countries. The US is likely to convert to cash more of its civil aid appropriation to Egypt of about $1bn per year.

Details of Egypt's agreement with the IMF are not expected to be made officially public until after the elections due on April 6 because the Government does not want opposition groups *to make an issue of* proposed price increases.

Egypt last concluded a loan agreement with the IMF in the late 1970/s. However, that agreement quickly collapsed because Egypt failed to carry out economic reform agreed with the IMF.

Western officials are doubtful that circumstances will be different this time. "Deep in my heart of hearts, I don't believe they are going to reach an agreement," one official said early this week, and even if they do, are they going to be able to stick to it?"

US revives idea for Mid-East conference

By Lionel Barber in Washington

PRESIDENT Ronald Reagan yesterday revived the idea of an international peace conference to discuss the Middle East during White House talks with Mr Yitzhak Shamir, Prime Minister of Israel.

After two hours of talks, Mr Reagan repeated that Washington was prepared to consider the idea of a conference, which would give the Soviet Union a role in the peace process, as a vehicle to arriving at direct Israeli-Arab talks.

***The conference idea has led to* sharp divisions within the Israeli coalition government, with the foreign ministry led by Mr Shimon Peres taking the step of backing the idea publicly yesterday. This came one day after Mr Shamir, emerging from talks with Mr George Schultz the US Secretary of State, abruptly dismissed the concept.**

A senior administration official, briefing White House reporters yesterday, said President Reagan had urged the Israeli government to co-operative with the various investigation into the Iran arms scandal. Israel had pledged its co-operation, he said.

Both US and Israeli officials have attempted to play down the way the scandal – and Israels surrogate role in selling US arms secretly to Iran – has strained relations between the two allies. They had said earlier this week that Iran would hardly be discussed during the talks in Washington.

But with a federal special prosecutor, two Senate and House committees, FBI *agents* and a three-strong panel – the Tower commission – seeking to pursue the scandal, Israeli citizens and former Israeli government officials face questioning. This raises complex questions of international jurisdiction.

The senior US official said that President Reagan had also made clear to Mr Shamir that his administration intended to sell US arms to friendly Arab states.

In an interview with the Financial Times, King Hussein of Jordan said this week that the US had "lost its credbility in this area (the Middle East). What has been revealed is diametrically opposed to every assurance I have received.

According to the US official, Mr Shamir told President Reagan that the US still "stands tall" in the region. But the official refused to comment on whether Mr Shamir had pledged to stop selling arms to Iran.

OECD warns against farm trade disputes

BY PETER MONTAGNON, WORLD TRADE EDITOR, IN LONDON

THE Organisation for Economic Co-operation and Development (OECD) has issued a confidential warning to its member governments about international trade clashes in agriculture which it fears could spread to other economic sectors and jeopardise world economic recovery.

In a memorandum to member governments, Mr Jean-Claude Paye, OECD secretary general, says practices in international farm trade are "ruinous and scandalous." OECD countries "must act, and act quickly" on agricultural reform.

"Public opinion would find it difficult to understand that the acrimony of a trade war be consciously allowed to fester simply because some do not wish to enter into discussions on short-term measures," he says.

The memorandum was drafted at the height of the recent confrontation between the US and EEC over Washington's demand for compensation for grain exports lost because of Spain's accession to the Community. However, Mr Paye makes clear that short-term measures to reduce agricultural tensions are needed as well as long-term structural reform.

In unusually blunt language, Mr Paye charts a bleak outlook for world agriculture where demand is *flat* and *government actions have* failed to reduce supply.

Stocks of cereals have doubled in two years, the decline in the volume of sugar trade continues, the outlook for meat is flat and the situation for butter "grave," he says.

His memorandum is designed to stimulate debate ahead of the forthcoming ministerial meeting of the OECD Council at which ministers will also examine a controversial OECD committee report on agriculture.

Draft versions of this report have upset several OECD members, notably France and Japan, which have sought to prevent their publication, because of revelations about the extent of support for agriculture, particularly in the dairy and rice sectors.

As part of their work on the report, OECD officials have developed a system for calculating Producer Subsidy Equivalents (PSEs) designed to show impact of all forms of support for agriculture including direct payments and guaranteed prices as well as the indirect impact of other measures such as research, inspection services and disease control.

These show that in the base period 1979–81, overall support for agriculture by OECD members amounted to more than a third of the total value of production. In the case of dairy and rice, support amounted to almost two thirds of value.

The report warns that the PSE approach is not exact and does not allow for precise comparison between one country and another. None the less, accompanying graphs show that Japanese support for its farmers was worth well over 50 per cent of the value of output during the period under review. The figure for the EEC exceeded 40 per cent, while that of the US was much lower at under 20 per cent.

Among other countries and regions surveyed, Nordic countries and Austria provided very high support, but Australian support levels were minimal at less than 5 per cent.

Wall St firms told to tighten internal controls

BY RODERICK ORAM IN NEW YORK

THE New York Stock Exchange has ordered its member firms to step up their internal supervision, legal and compliance functions in an effort to improve the integrity of the market in the wake of the recent insider trading scandals.

The exchange emphasised to its members that they must bear the primary responsibility for stamping out illegal activities. "We must look *to you – the industry's* first line of defence – to shoulder the main burden of protecting the quality and integrity of the nation's securities markets."

Criminal charges brought last week against past and present senior officers of Kidder, Peabody and Goldman, Sachs, two leading Wall Street firms, alleged that they had engaged in illegal insider trading. Judicial authorities have also subpoenaed those two firms and Drexel Burnham Lembert, seeking more information about their trading activities and roles in takeovers.

Additional factors prompting a review of the exchange's regulatory efforts had been the high level of mergers and acquisitions, the huge upsurge in trading volume and the complexity of the regulatory framework, the NYSE said.

The review concluded that "additional resources must be directed" to meeting regulatory responsibilities. The exchange sent a special bulletin to its members yesterday ordering them to review and upgrade supervision of employees and compliance with regulations, certify quarterly that all trading meets federal laws and exchange regulations, report complaints from clients and make an annual report of compliance problems and their resolution.

World Weather

		°C	°F			°C	°F
Ajaccio	S	11	52	Dubrovnik	F	10	50
Algiers	F	18	64	Edinburgh	C	2	36
Amsterdam	C	1	34	Faro	F	15	59
Athens	S	16	61	Florence	F	10	50
Bahrain	C	25	77	Frankfurt	Sn	−1	30
Bangkok	S	31	91	Funchal	C	17	63
Barcelona	R	2	36	Geneva	Sn	0	32
Beirut	C	23	73	Gibraltar	F	15	59
Belfast	F	3	37	Glasgow	S	5	41
Belgrade	F	8	46	Guernsey	F	2	36
Berlin	Sn	−1	30	Helsinki	Sn	−5	23
Biarritz	S	4	39	H. Kong	S	25	77
Bombay	S	29	84	Innsbruck	F	2	36
Bordeaux	F	2	36	Inverness	S	3	37
Brussels	C	−1	30	Islamabad	C	18	64
Budapest	C	5	41	Istanbul	C	9	48
B. Aires	S	31	87	Jakarta	R	31	88
Cairo	S	24	75	Jersey	C	3	37
Cape Town	S	31	88	Jo'burg	F	28	82
Caracas	C	28	82	Lima	S	26	79
Casablanca	–	—	—	Lisbon	R	16	61
Chicago	S	−4	25	London	C	4	39
Cologne	Sn	0	32	Los Angeles	C	22	72
Copenhagen	F	−1	30	Luxembourg	C	−2	28
Corfu	S	14	57	Madrid	F	1	34
Dallas	S	−2	28	Majorca	C	8	46
Dublin	C	0	32	Malaga	F	13	55

		°C	°F			°C	°F
Malta	S	16	61	Rhodes	S	12	54
Manchester	S	3	37	Rio de J'o	C	32	89
Manila	S	32	90	Rome	F	13	55
Melbourne	S	26	79	Salzburg	C	1	34
Mexico City	S	27	81	San Francisco	S	19	66
Miami	C	23	74	Seoul	S	7	45
Milan	R	3	37	Singapore	S	32	90
Montreal	S	−8	18	Stockholm	C	−4	25
Moscow	C	−4	25	Strasbourg	F	0	32
Munich	Sn	0	32	Sydney	S	24	74
Nairobi	–	—	—	Taipei	C	21	70
Naples	F	12	54	Tangier	–	—	—
Nassau	S	27	81	Tel Aviv	S	20	68
New Delhi	C	25	77	Tenerife	C	20	68
New York	C	4	39	Tokyo	R	3	37
Nice	F	7	45	Toronto	S	−11	12
Nicosia	R	18	64	Tunis	F	16	61
Oporto	S	9	48	Valencia	R	5	41
Oslo	S	−2	28	Venice	F	7	45
Paris	C	−1	30	Vienna	R	3	37
Peking	S	−1	30	Warsaw	C	1	34
Prague	Sn	−1	30	Washington	C	1	34
Reykjavik	C	5	41	Zurich	Sn	0	32

Readings at mid-day yesterday:
C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

INTERNATIONAL APPOINTMENTS

Sweeping reorganisation at Chemical New York

BY WILLIAM HALL IN NEW YORK

CHEMICAL NEW YORK Corporation, parent of one of the biggest New York money centre banks, has unveiled a sweeping management reorganisation which confirms that Mr Thomas S. Johnson, aged 46, is the second in command of the group and reduces the number of senior management layers.

Mr Walter Shipley, Chemical's 51-year-old chairman and chief executive, announced yesterday that the group has established a new corporate office which apart from himself is to consist of Mr Thomas Johnson, the president of Chemical New York Corporation and Chemical Bank, Mr Robert J. Callander, aged 56, who will become a vice chairman, and Mr Richard Simmons, aged 58.

The management reshuffle comes just over three years after Chemical solved the delicate issue of who really was second in command of the group by giving three of its executives the title of president.

Under the latest reorganisation, Chemical is dismantling its old structure of having separate world banking and capital markets operations. Both these operations will now report to Mr Johnson, while Mr Callender, who headed the world banking group, will be responsible for Chemical's consumer, small business and middle market banking activities.

Mr Callander will also have responsibility within the corporate office for working closely with Texas Commerce Bancshares' management to achieve the maximum potential benefits from the recently announced merger of Chemical and Texas Commerce.

Renison attracts senior recruit

BY CHRIS SHERWELL IN SYDNEY

MR MARK BETHWAITE, 38, who unexpectedly resigned this month as managing director of the Melbourne-based mining and forestry group North Broken Hill Holdings, has been appointed deputy managing director of Renison Goldfields Consolidated.

Renison, 49 per cent owned by Consolidated Gold Fields of the UK, is a Sydney-based resources group involved in the mining of tin, gold, copper and mineral sands. Its managing director and chief executive officer is Mr Campbell Anderson.

Mr Bethwaite started work in his newly created post last Monday. The company said he would have specific responsibility for new business development, including acqquisitions, and would report to Mr Anderson.

North Broken Hill took over Associated Pulp and Paper Mills just before he became managing director. Under his leadership it continued its move away from being an investment house, becoming more of an operating company with wider interests.

Last year Mr Bethwaite helped the group to fight off a takeover bid from Mr Ronald Brierley's Industrial Equity group and to begin a recovery from the impact of low base metal prices and high debt levels.

E. F. Hutton reshuffle brings in new chief

E. F. HUTTON, the Wall Street investment house, has announced that Mr Robert Fomon, its chairman, is to relinquish his executive functions at the company, while remaining chairman.

Mr Fomon comments that with the election of Mr Robert Rittereiser as chief executive officer: "The transition in leadership that I initiated almost two years ago is substantially complete. It is time to shift the reins entirely to a new team.

Japanese manager for First Boston (Asia)

First Boston (Asia), a wholly-owned subsidiary of First Boston Corporation, the investment house based in New York, has appointed a Japanese manager for its Tokyo branch, reports Kyodo from Tokyo.

Mr Keisuke Inaba, a former manager of Kidder Peabody and Company also a Wall Street investment house, in Tokyo, will head the Tokyo arm of First Boston (Asia), which started its operation in 1985.

Bank Leumi picks its new leader

BY JUDITH MALTZ IN TEL AVIV

MR ZADIK BINO, has been appointed managing director and chief executive officer of Bank Leumi le Israel, the country's leading bank.

He succeeds Mr Mordechai Einhorn, who resigned several weeks ago over a series of scandals involving payments made to top management figures.

Leumi's board resisted pressure to name someone from within the bank as its head, hoping that a new face would help improve the bank's badly scarred image.

Mr Bino, 45, widely regarded as a "wonderboy" of Israeli banking, began his career as a teller and rapidly worked his way up, to become managing director of the First International Bank in 1980, turning it into Israel's most profitable bank. The First International Bank, ranked number five among the country's commercial banks, was the only major bank to emerge from the 1983 banks shares crisis untainted.

Mr Jack Nasser, the New York based investor who has a controlling interest in the First International Bank, insisted that Mr Bino sign an agreement promising not to disclose any of the bank's business strategy before allowing him to go.

Meanwhile, Mr Yigal Arnon, a Tel Aviv based lawyer has taken over the top position at the First International Bank.

Head for Bond Media

MR SAM CHISHOLM, the Australian television executive, has been appointed by Mr Alan Bond to head the television interests of Bond Media Ltd—the new public company which will contain the television interests acquired in the A$1bn deal with Consolidated Press Holdings, and Mr Bond's existing networks.

Mr Chisholm, who is a director of a number of CPH companies, is to be responsible for the group's four television stations and Sky Channel. He will also be responsible for the introduction of the new national television network.

He started in television as sales executive with GTV 9, Melbourne, in 1966, and became general manager of the Sydney TV station, TCN in 1976 and president and managing director in 1979, and later assumed overall responsibility for TCN and GTV.

Accountancy Appointments

Accountancy Appointments

FINANCE DIRECTOR

COPEMAN RIDLEY LIMITED

from £20,000 + bonus + car

This long established company, turnover c. £30m., is the MACE food wholesaler for East Anglia. It is also developing other trading and distribution activities to broaden its platform for continued growth.

The present Finance Director retires shortly and a successor is sought to assist the new Chief Executive in regenerating the business following a difficult trading period. The Head Office and principal distribution centre is in Norwich with another warehouse in Ipswich.

The appointment carries full responsibility for financial management of the business with particular emphasis on the enhancement of financial reporting and the further development of computerisation — the company has an ICL System 10 supporting terminals at Norwich and Ipswich. The appointee will be expected to make a major contribution to business strategy including the evaluation of potential acquisitions.

Candidates must be qualified accountants with a strong commercial background. Experience in fmcg and/or distribution sectors will be highly relevant. Leadership qualities and a developed business acumen will be required in improving the effectiveness and maintaining the commitment of an experienced workforce.

Please write, enclosing full career details and quoting reference C6750/L to Mike Smith, Executive Selection Division.

PEAT MARWICK

Peat, Marwick, Mitchell & Co.,
165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

Head of Group Audit

Excellent promotion prospects

from £30,000 + car and benefits
Derbyshire

This major international manufacturing group with worldwide turnover in excess of £2 billion, seeks a Head of Group Audit to replace the recently promoted previous postholder.

The group has shown outstanding profit growth in the last few years and has embarked upon a programme of investment for the future, including acquisitions.

Within an environment of decentralised operational responsibility, the internal audit team of committed professionals plays a key role in ensuring tight financial control and effective management reporting.

Candidates should be qualified accountants with extensive experience of internal audit in a large and diverse manufacturing environment. This position will entail significant travel in both the UK and overseas.

The successful candidate will be expected to improve and develop the audit service and will have excellent promotion prospects.

Candidates should write enclosing a full CV, quoting reference MCS/1025 to: Michael D. Madgwick
Executive Selection Division
Price Waterhouse
Management Consultants
No 1 London Bridge
London SE1 9QL

Price Waterhouse

Appointments Advertising

£43 per single column centimetre. Premium positions will be charged £52 per single column centimetre.

For further information call:

Jane Liversidge
01-248 5205

Daniel Berry
01-248 4782

Emma Cox
01-236 3769

Management Consultancy

Exceptional Opportunities

The Management Consultancy arm of a major international firm of Chartered Accountants with "big 8" status is currently planning to double in size over the next two years in order to meet the growing demand for its services. They currently have a specific requirement at two levels for outstanding candidates with a background in Financial Management and Control.

Senior Consultant

They are seeking an individual who is currently with a major consultancy practice and has at least 2/3 years' consultancy experience.

Having achieved 'high flyer' status, you perhaps feel that your career progression is not as rapid as you would wish. You will be a qualified accountant with a good degree whose earlier career has been with recognised 'blue chip' companies.

The salary package offered is negotiable depending on age and experience but should not be regarded as a barrier by potential applicants.

Consultants

They are seeking graduate accountants who are currently in a line role preferably with a major commercial organisation.

You are likely to be in your late 20's and are feeling the need for further career development. As a way of broadening your experience you would be attracted to the challenges offered by working in a varied and problem solving environment.

Again, the package offered is generous. A company car will also be provided.

The career opportunities offered by this firm are excellent both in the short and long term.

Interested applicants should write to John Cockerill BSc FCA, or Barry Ollier BA FCA quoting reference No. 385 enclosing a comprehensive CV and daytime telephone number at 39-41 Parker Street, London WC2B 5LH.

Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

MEMORANDUM

SUBJECT: ADVERTISEMENT FOR ASSISTANT DIRECTOR OF FINANCE

FROM : DIRECTOR OF FINANCE

TO : PERSONNEL DEPARTMENT

Please make urgent progress on placing an advertisement on the following lines:-

I need a finance professional to manage my Accountancy/Audit/Technical Division. The job involves technical and financial advice to Members and management and preparation of financial strategies. Further responsibilities include maintenance of the Council's financial information systems, final accounts, internal audit and the management of the Authority's significant investments and capital debt.

In the advertisement please emphasise the new remuneration package:-

I attach details of the remuneration package and where applicants should apply.

LONDON BOROUGH OF merton

ASSISTANT DIRECTOR OF FINANCE

REMUNERATION PACKAGE

Salary range £19,988 to £25,775
including performance pay
Car to the value of £10,000
with running cost and petrol allowance.

If you are interested in our package please telephone: 01-545 3451 or write to the Director of Finance, Crown House, London Road, Morden, Surrey SM4 5DX.

Completed application forms to be returned by 15th March 1987.

Merton is an Equal Opportunities Employer.
All applications will be *considered on their merits.*

University of London 1836 ~ 1986
150 YEARS

Qualified Accountants

Central London £ Neg.

For the past one hundred and fifty years, the University of London has been at the forefront of scientific, medical and technological advance. As the largest University in the UK with over 40 thousand full time students, it awards 22% of the UK's higher degrees and currently has an income in excess of £300 million a year.

In line with the University's forward strategy they are seeking to strengthen their Central Office Accounting team by appointing two qualified accountants to report to the University Accountant.

The appointments involve production of both estimates and budgets together with a range of ad hoc management accounting projects. There will be participation within the financial and management reporting functions, including assistance with the production of interim and final accounts. The Division is currently introducing new computer systems to assist in these functions. *Candidates should possess a recognised* accounting qualification (ACA, CACA or ACMA).

This is an excellent entry point into an organisation that combines a stimulating academic environment with considerable promotion potential in the UK University System.

Interested applicants should contact **Gerald Whiting** on **01-831 2000** or write to him, enclosing a comprehensive C.V. at **Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH** quoting **Ref. 2082.**

Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Computer Auditors

major financial group

Long established as one of the largest users of computer facilities, our client is developing a new generation of systems to cater for substantial growth, internal reorganisation and diversification into new business areas.

The scope for computer auditors to demonstrate *initiative and ability in this changing environment* is obvious. As important members of a multi-discipline audit team based in the **Central London** Head Office, reviewing and appraising new and existing systems throughout its extensive traditional, developing and newly acquired UK and overseas businesses will provide challenge and experience on a scale not easily obtainable elsewhere.

Future prospects are exceptional. *In this substantial* group there will be numerous further opportunities in systems audit/development or line management at the centre or in one of the many diverse businesses.

Applicants should be qualified accountants aged mid 20s/early 30s with proven computer audit or *consultancy experience* and the technical and communication skills to develop still further the computer audit function.

Very competitive salaries are negotiable and benefits include a subsidised mortgage and non-contributory pension.

Please write with full career details or telephone David Tod BSc FCA quoting ref D/553/MF.

Lloyd Management

125 High Holborn London WC1V 6QA Selection Consultants 01-405 3499

LLEDO Ltd Financial Director Designate

Enfield **to £25,000 + car**

Lledo, established in 1982, is an expanding independent manufacturer of diecast models for promotional work, toys and model collectors. Recent substantial growth requires the management team to be strengthened by the recruitment of a financial director designate. An acquisition is planned as well as extensions of current activity.

The financial director designate will be responsible for all financial and management accounting, financial control, contacts with banks and other financial institutions, credit control and establishing business practices with overseas agents and customers.

The ideal candidate would be a qualified accountant with at least three years' experience in high volume manufacturing. Enthusiasm, flair, and ability to work with the existing directors are essential.

Those interested in this opportunity to play a leading role in a growing manufacturing environment should send their CV to Brian Ing at Clark Whitehill Consultants, 25 New Street Square, London EC4A 3LN quoting ref L0384.

Clark Whitehill Consultants
Executive Selection

FINANCIAL CONTROLLER

Entrepreneurial Engineering p.l.c.

NORTHANTS

to £20,000 + car + options

The group is new, bringing together a range of existing specialist engineering skills and products, many with high-technology applications and is about to be floated. Turnover is projected to be around £2m in the first year and aggressive marketing of existing and new products will generate exciting prospects for growth in sales both in the UK and abroad for the foreseeable future. Further growth will occur organically, through developing new ideas in-house, and strategically, through company acquisitions.

The demand is for a financially orientated manager to join a tough team of engineering professionals. The priority is to build from nothing an efficient, effective finance function, instantly responsive to the needs of the business. Specifically this will include developing costing and related management information systems as well as influencing non-financial staff and management towards achieving the company's objectives.

Candidates must be qualified accountants, able to provide evidence of successful contribution to a demanding, competitive assembly or production environment. A forthright personality combined with commercial flair and an achievement orientation are essential to match the style of the new management team. Success will result in both a Board appointment within two years and participation in the share option scheme. Age: early 30s.

To apply, please write enclosing personal, career and salary information to:

Ian Tomisson, Executive Selection Division,
Hacker Young Management Consultants,
St. Alphage House,
2 Fore Street,
London EC2Y 5DH.

Hacker Young MANAGEMENT CONSULTANTS

Investment Accounting

Datastream provides the City with easily accessible up-to-the-minute financial information and the opportunity to analyse and manipulate it using the latest computer technology.

We are currently looking for a Surveyor to manage our Investment Accounting Department, which provides clients with fully automated double entry bookkeeping services, printed statutory reports and on-line management information.

With a proven track-record in IA/Fund Management in a Supervisory role, the successful applicant will be able to communicate succinctly and effectively, work on their own initiative in a high pressure environment and motivate, organise and lead staff.

SALARY UP TO £15k
(depending on experience) plus excellent benefits package

If you feel you have the experience and personal attributes to succeed in the challenging role, please send your full CV immediately to:

K. Taylor, Recruitment Officer
DATASTREAM INTERNATIONAL LTD
Monmouth House, 58-64 City Road, EC1Y 2AL

DATASTREAM

Accountancy Appointments

Financial Analyst

Central London c.£25k+car

This is an opportunity to join a major group with diverse interests in the UK and abroad and contribute to a rigorous programme of profit and asset management improvement.

You will be a member of the financial analysis team and be responsible for the overall integrity of the corporate management accounts, post completion audits on major capital investment projects and provide up to the minute data on competitive performance standards. In addition, the job holder will provide support to the Special Projects Director on major acquisitions and disposals.

The successful candidate, who will be in the age range 28-32 will be a chartered accountant. Experience should include:

- 2/3years in a major multi-national business in either central accounting, operational audit or internal consultancy.
- some knowledge of corporate tax and treasury operations.
- computer systems exposure and hands on experience of PCs.

A practical problem solving approach is required together with good written and oral communication skills.

The substantial salary reflects the importance attached to this new appointment.

Write in confidence to John Gregory at JC&P, Selection Consultants, 356 Silbury Boulevard, Central Milton Keynes, MK9 2LR, showing clearly how you meet our client's requirements, quoting 5141/FT. Both men and women may apply.

JC&P Management Selection and Search
London, Milton Keynes, Northwich

Hoggett Bowers

Executive Search and Selection Consultants

BIRMINGHAM, BRISTOL, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

Group Chief Accountant

International Headquarters Role

Central London £30,000, Car

In this large multinational significantly profitable organisation, continuing organic and acquisitive growth demands well structured financial control of the Group's diverse and widespread operating companies. The scope of this senior appointment embraces the management and direction of central accounting, close involvement with operating companies, the further development of computerised information and reporting systems, the consolidation of Group operating results, concise and qualitative reporting to the Main Board and the provision of wide ranging financial and strategic planning advice. It is a dynamic role requiring a high degree of individual initiative and self reliance and offering significant freedom, accountability and authority. The requirement is for a well qualified Chartered Accountant who, having progressed significantly with a major professional firm, has subsequently gained head office experience in the management of a group accounting function involving complex consolidations in a major plc with widespread international business interests. Opportunities for career progression are genuinely excellent, the environment is demanding, fast moving and highly professional and international travel is an integral part of the role.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to *G.T. Walker,* **Hoggett Bowers plc,** *1/2 Hanover Street,* **LONDON,** *W1R 9WB,* **01-734 6852,** quoting *Ref: N11008/FT.*

Finance Director

to £30,000 + Car

This is a rapidly expanding high technology service company whose current turnover of £60 million is expected to triple within five years. The company enjoys *strong financial backing from a major UK Group.*

As a result of promotion into the Group Company there is now a need for a Finance Director who will have the personal skills as well as the technical knowledge to play a leading role in the management of the business through this period of rapid growth.

Substantial commercial experience gained within a large group is required including head office accounting, corporate planning, financial modelling, pricing, and above all line experience at Chief Accountant/Financial Controller level for a significant subsidiary (turnover range £20m-£40m). The range and nature of external contacts place a premium on personal qualities. Personal maturity, strength in decision making, a sense of humour, and initiative tempered with tact are essential requirements.

The position is based in London. Age guideline—mid-30's.

Please reply quoting reference L283 to:

Brian H Mason,
Mason & Nurse Associates,
1 Lancaster Place,
Strand,
London WC2E 7EB.
Tel: 01-240 7805

Mason & Nurse
Selection & Search

FINANCE DIRECTOR

Chertsey, Surrey c.£28,000 + Profit Share + Car

Wickens is a well established and successful construction group engaged in both residential and commercial projects throughout the South of England. The group continues to grow both organically and through acquisition and is committed to a further programme of business expansion.

Joining a highly professional management team, the Finance Director will be responsible for the development of computerised accounting and management information systems and will play a major role in the future development of the group, particularly with regard to cash management, performance reporting, business analysis and planning. Although responsible for managing the finance function, numbering 20 staff, the emphasis will be upon providing comprehensive financial advice and support to enable the group to achieve its objectives and targets and to improve on performance.

Suitable candidates, aged 35-45, will be qualified accountants with a proven record of career success. Commercially aware and possessing excellent communication skills, candidates should be capable of making a significant contribution to the expansion of this successful company.

Please apply directly to Jeff Grout at Robert Half Personnel.

The Construction Team

Wickens Building Group

ROMAN HOUSE, WOOD STREET, LONDON
EC2Y 5BA. 01-638 5191

ROBERT HALF
FINANCIAL RECRUITMENT SPECIALISTS
LONDON · BIRMINGHAM · WINDSOR · MANCHESTER & 86 OTHER CITIES WORLDWIDE

Swaps-Accountant

Major US Investment Bank

c£25,000 + car + banking benefits
City based

As a renowned and established name in the Capital Markets sector, our client has experienced rapid growth.

To strengthen their existing operations management, they now require a young accountant to take responsibility for the transactions initiated by the swaps department, including management of the clerical support. This role will also entail continual liaison with the United States.

Candidates must be qualified accountants, with at least two years' post qualifying experience, which must include accounting procedures for swaps or other risk management products. Those with internal or external auditing experience of these products, will be preferred.

This is an ideal position for either an Accountant currently working within the banking sector, or those that now wish to enter a US investment bank. There are excellent opportunities for career progression either within the swaps area, or more broadly in Capital Markets.

Salary will not be a limiting factor for the right candidate and the package will contain a car and all the usual banking benefits.

Please send full CV quoting reference MCS/4004 to Miles Holford
Executive Selection Division
Price Waterhouse
Management Consultants
No 1 London Bridge
London SE1 9QL

Price Waterhouse

FIFE REGIONAL COUNCIL

AN EQUAL OPPORTUNITY EMPLOYER

DIRECTOR OF FINANCE

Fife Regional Council is the fifth largest region in Scotland with a revenue and capital budget of approximately £200 million per year, and now invites applications for the above senior post from professionally qualified accountants.

As chief financial adviser to the the Council, the Director of Finance will require to possess managerial and financial skills of the highest order. Candidates therefore will need to offer evidence of success to date in a senior financial management role – not necessarily within local government – coupled with well developed skills in staff leadership, motivation and communications.

The Director of Finance will be a member of the Chief Executive's Central Unit, and as such will be expected to participate in the corporate affairs of the Council and contribute positively to the work of the Unit.

The current salary scale for the post is £29,595-£31,764; with a car leasing scheme, or essential car users allowance. Contributory pension scheme and relocation expenses.

Application forms and further particulars may be obtained from the Director of Manpower Services, Fife Regional Council, Fife House, North Street, Glenrothes KY7 5LT. Tel. 0592 754411. Ext. 3813.
Ref. DMS/49/102/ FT

Canvassing directly or indirectly will disqualify.
Closing date for receipt of completed forms Friday 6th March, 1987.

INTERNATIONAL BANK

CHIEF ACCOUNTANT c£30K + Banking Benefits

Our client, a rapidly expanding European Investment Bank with an enviable reputation in Global Capital Markets, is currently seeking a Chief Accountant for its London Headquarters.

Reporting directly to the Finance Director the Chief Accountant will be responsible for a staff of some 20 people, providing the full internal and external financial reporting and controls. Emphasis is placed on good man management, staff development skills, and a thorough knowledge of the regulatory environment.

Candidates should be Chartered Accountants with a solid banking background, familiar with Bank of England reporting requirements and have a good understanding of taxation; ability to perform with minimum supervision is essential.

For further details, please write or telephone quoting reference RB2015

Rochester Recruitment Limited
22A College Hill
London EC4R 2RP
Telephone:
01-248 8346

Our Commercial Objectives call for first-class Financial Service

Management Accountants (2)

Salary range £17,840-£19,893

Among the UK water authorities, Thames Water has taken a pro-active commercial approach and has moved into new growth businesses.

So that we can continue with this positive approach we are looking for two qualified accountants with substantial commercial experience, a pro-active style and good communication skills.

The emphasis is on contributing to the growth in profits and the provision of a first class financial service to support the head of two of our businesses. You must be able to demonstrate experience of working to tight deadlines in the preparation of management reports, budget appraisals (capital, project, and pricing studies) and business plans.

The position reports to the Financial Controller Enterprise Businesses and you will assist him in contributing to the growth of the businesses through internal expansion and acquisition.

The posts are based in Reading. Benefits include, a pension scheme with interchange facilities and help with relocation expenses where necessary.

Application form and further details can be obtained from the Personnel Director, Room 312 Thames Water, King's Meadow House, c/o Nugent House, Vastern Road, Reading, Berks RG1 8DB, or by ringing Sue Caslaw on 0734 593815. Please quote ref: MA. Closing date 6th March 1987.

Thames Water
RUNNING WATER FOR YOU

Financial Controller

City c£20,000 + car

Our client, a USM Company (T/O £2m), is a recognised market leader in the provision of specialised computing and software services to a wide range of financial institutions.

This challenging new appointment will appeal to a graduate qualified accountant, aged 27-30, with practical commercial experience and good business acumen.

Reporting to the Chief Executive he/she will assume overall responsibility for the financial function and the provision of advice and regular management information to the Board.

Candidates must demonstrate the personal and professional skills required to contribute actively to the Company's policy of planned growth and to become the Company Secretary in the near future.

Applications under ref RC234 to:-

Miss Marion Williams,
Recruitment Division,
The McCann Consultancy,
Hazlitt House,
4 Bouverie Street,
London EC4Y 8AB

FINANCE DIRECTOR

East Kent to £30,000 plus car

Our client is an international services group with a turnover of around £50m. Profit growth has been a major feature over recent years.

The finance director will be involved in all commercial aspects of the business, but in particular will handle treasury matters, acquisitions and the financial control of overseas subsidiaries.

Applicants should be qualified accountants, aged around 40 and possess top level group financial experience gained preferably in a services industry. Experience of foreign exchange matters is a particular requirement.

In addition to salary there is a benefits package and good prospects.

Please write, in confidence, to Michael Ping enclosing a curriculum vitae and quoting reference F/797/P, at Ernst & Whinney Management Consultants, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

Ernst & Whinney

CHARTERED ACCOUNTANTS

c £17,500 - £25,000 + Car

Are you a recently qualified accountant or finalist looking for a new career?

With a wide variety of excellent positions available in small to medium-sized companies, and diversity of other blue chip companies we are ideally placed to fill your job requirements. Our service is personal, professional and completely confidential. We may have just what you've been looking for, so why not ring us today for an appointment or simply send us your CV.

Ref. CA/346

GROUP ACCOUNTANT

c £18,000 + Car

Our client is a successful PLC group primarily concerned in consumer products manufacture/retail outlets seeks a young qualified accountant to be responsible for the group monthly management accounts, annual budgets, acquisition reports and systems development. The head office is located in West London.

Ref: VB/212

For further details phone or write quoting reference to:

ACCOUNTANCY ASSOCIATES LIMITED
temp./perm. recruitment consultants
5 VIGO STREET LONDON W1X 1AH TELEPHONE: 01-439 3387/8/9

Accountancy Appointments

Head of finance

Kent, c£40,000, excellent benefits

C&L

For a long established financial services group amongst the leaders in its predominant field and which is a subsidiary of a large highly regarded European based International group.

Reporting to the recently joined M.D. you will be responsible for the entire financial function with some 40 supporting staff. The emphasis will be on providing the financial inputs to the business planning process, improving the quality of financial management and contributing as a member of the General Management team.

A qualified accountant in at least your late thirties you must have had substantial line management experience in the financial function backed by strong interpersonal and communications skills. A financial services sector background is not essential.

Résumés please, including a daytime telephone number, to E J Robins, Ref. JR549.

Coopers & Lybrand Executive Selection

Coopers & Lybrand Executive Selection Limited
Shelley House 3 Noble Street
London EC2V 7DQ

DIVISIONAL FINANCIAL CONTROLLER

c. £28,000 + Car — *CENTRAL LONDON*

This expanding public group is a leader in the sourcing, marketing and distribution of fresh produce. It supplies all the major supermarket chains and has a turnover of over £120m. Organic growth, diversification and acquisition have contributed to the group's success.

The Financial Controller of the group's largest division also has line responsibility for the finance function of the largest operating company. Reporting to the Divisional M.D., you will interpret subsidiaries' performance and contribute to strategic decisions. You will also play an important part as financial advisor to operating companies' management teams.

The person appointed will be a qualified accountant aged around 30. You should have experienced the systems and standards of a large organisation and ideally, have run the finance function of an operating unit. This broader divisional role will demand strategic skills, commercial flair and energy.

Please reply in confidence, giving concise career, salary and personal details, quoting ref: L.202 to Heather Male, Slade Consulting Group (UK) Limited, Metro House, 58 St. James's Street, London SW1A 1LD. Tel: 01-629 8070.

London · Melbourne · Sydney · Brisbane · Adelaide · Perth · Auckland · Christchurch

SLADE CONSULTING GROUP (UK)

Internal Auditor

Leading to a broader financial role
International Banking
c£26,000 + car + banking benefits

This established and enterprising European bank is now poised to increase its UK activities and wishes to strengthen its internal audit function.

Reporting to the General Manager, the person appointed will be responsible for the operation of an internal audit department which will critically examine the operational and financial systems and procedures used throughout the London branch.

In addition, integration and some operational responsibility, particularly in treasury business, will be given at an early stage making the appointment an outstanding career opportunity in the banking sector.

Ideally, candidates will be aged around 26-35, qualified accountants with significant internal or external auditing experience in the banking sector. He or she must be independently minded, with a positive approach to internal audit, and ambitious enough to see the potential of this position.

Future career progression may be outside the internal audit function.

Candidates should send a full CV quoting reference MCS/3018 to:
Tracey Phillips
Executive Selection Division
Price Waterhouse
Management Consultants
1 London Bridge
London SE1 9QL

Price Waterhouse

REUTERS

Financial Manager
Middle East

c£43,000 (tax free)
+ car + benefits
Bahrain

As the world's leading supplier of news and financial information, Reuters is still expanding and diversifying. The company operates throughout the world and management control is administered via regional management teams.

The successful candidate will be part of the Middle East management team, based in Bahrain, the Middle East headquarters of Reuters. This important position carries responsibility for financial and management accounting services within the area, with functional responsibility over sub-regions including Saudi Arabia, the Gulf and Eastern Mediterranean. There will also be continual liaison with the central finance department in London and area finance staff in Hong Kong.

Candidates must be qualified accountants, ideally aged in their mid/late 30's with experience in a senior financial role. Other requirements include computer literacy, and experience with group control and reporting and, ideally, with service industry experience. Overseas experience would be particularly advantageous.

Benefits will include bonus, car, pension, medical cover, education assistance, annual UK leave and additional excursion air fares to Cyprus.

Please send a full CV quoting reference MCS/3019 to:
Tracey Phillips
Executive Selection Division
Price Waterhouse
Management Consultants
No 1 London Bridge
London SE1 9QL

Price Waterhouse

Finance Director

West Midlands — **c£30,000 + Profit Share + Car + Share Options**

Our client is a profitable rapidly expanding market leader operating within the financial services sector. A unique opportunity has arisen for an exceptional individual to join the organisation as Finance Director.

Reporting to the Managing Director, your brief will encompass:

* The formulation of short, medium and long term plans to include funding and investment proposals.
* The installation and improvement of management information systems and controls.
* The provision of all statutory/company secretarial/tax/treasury information.

It is emphasized that the encumbent will be expected to play a leading role in guiding the business through an exciting stage of its further development.

It is essential therefore that applicants possess the necessary drive, determination and commitment to succeed at the highest level.

Candidates should be Chartered Accountants (aged 34-40) who can demonstrate an outstanding track record of achievement within the financial services, F.M.C.G., or "low margin – high volume" service sectors. In return the company offers an attractive salary package plus a generous range of benefits including fully expensed company car, profit share, share options and relocation expenses where appropriate.

Interested? Write to Nigel Wright, Executive Division, Michael Page Partnership, Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST or phone 021-643 6255.

Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Financial Controller

Park Royal — **to £35K + car**

Our client, a dynamic, market leading manufacturer with a professional, high powered profile, is looking to recruit a Financial Controller. The company has a turnover in excess of £7m and has already initiated a programme of growth through diversification. The person sought will be heavily involved in this exciting expansion activity in addition to managing a staff of ten in providing financial information, including monthly management accounts, statutory accounts, purchase and sales ledgers and credit control.

The successful candidate will be a qualified accountant, aged 28-38 with good man-management and communication skills, a problem solver who can demonstrate commercial flair and business acumen.

Interested candidates should write, enclosing a comprehensive curriculum vitae and daytime telephone number, quoting ref. 384 to Philip Rice MA ACMA, Executive Division at 39-41 Parker Street, London WC2B 5LH.

Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Financial Director

Engineering — **c£30,000 package**

The company is the major subsidiary of a successful British engineering group. It has a profitable turnover of nearly £30m manufacturing and marketing sophisticated components for the aerospace and similar industries in the U.K. and overseas. Recent promotion has created the vacancy for a Financial Director who will have full responsibility for all aspects of accounting and financial control and for improving management information systems. It is essential that he/she contribute to the Company's wider strategic thinking and business development.

Applications are invited from well *qualified accountants aged 35-45* who are already holding the top post in their function within a manufacturing company of, say, £5m – £15m turnover. Candidates must have experience and real understanding of both contract costing and standard costing techniques. Experience of M.O.D. procedures is very desirable as is previous exposure to sophisticated data processing systems.

The remuneration package includes a fully expensed car, good pension and insurance schemes and full private medical cover. Relocation costs to the head office to the west of London will be reimbursed, if appropriate. Remuneration will be by a substantial basic salary plus a bonus scheme which will give a total figure around £30,000 this year. The position is a challenging and rewarding one and success will bring further opportunities.

Please send career details – in confidence – to A. D. Percival.

Ravenscroft & Partners

Search and Selection
20 Albert Square, Manchester M2 5PE

Finance Manager
Swedish Multi-National

Based: N. London — **c.£18,000 + Car**

Esab Group (UK) Limited is the UK subsidiary of the worlds largest company in the market for welding equipment and consumables.

The position is based at the Group's finance department at Waltham Cross. Working closely with senior management the major responsibilities include reporting on the performance of the major sales brands and the central marketing function, as well as advising on financial implications of existing and future marketing strategies. The role also involves – co-ordinating the submission of the annual budgets and quarterly group forecasting.

Ideally aged 26-32, the suitable candidate must have at least two years post qualifying experience and be capable of working to tight deadlines using modern computer systems. Experience of financial modelling and group reporting would be an advantage.

The position carries a salary of around £18,000 per annum along with company car and a wide range of benefits including relocation assistance where appropriate.

Please write with full career details to Mr. John Davies, Personnel Manager, Esab Group (UK) Limited, Hertford Road, Waltham Cross, Herts EN8 7RP.

ESAB **ESAB GROUP (UK) LTD**

Financial Controller

Diversify with a growing Grain Merchant

Lincs. — **£16k – £18k + Car**

Our client is one of the UK's leading profitable Grain Merchants, based in the attractive rural county of Lincolnshire but with operations across the country.

Reporting to the Financial Director, and playing a key, active role within the Management Team, you will be responsible for the day-to-day control of the company's centrally-operated accounting function. However, you will also have the opportunity to work closely with the MD on a number of special projects concerned with the company's plans for diversification and expansion.

If you are a qualified Accountant with 2-3 years' experience and possibly looking for your first move into industry, this could be your ideal opportunity. Our client is looking for an individual who can demonstrate a degree of tenacity together with an enthusiastic and flexible approach to work. Hands on experience of computerised accounting systems is essential.

Relocation assistance will be provided in the appropriate circumstances.

Please send your c.v. and current salary details, in the first instance, to Mandy Davies,

ROBSON RHODES

Chartered Accountants

Management Consultancy Division
188, City Road, London, EC1V 2NU.

Accountancy Appointments

FINANCIAL CONTROLLER/ DIRECTOR DESIGNATE

Our client is an established and successful £6 million turnover private group supplying equipment to the leisure and catering industries nationwide.

Continuing development dictates the need for a commercially skilled professional whose function will include: specifying and implementing management information systems, controlling all aspects of upgrading existing hardware and software, long term planning, policy making and advising on key strategic issues. Total involvement in the business itself is a prerequisite with this broad based and demanding job.

The new Controller will initially build an effective support team and directly handle a high volume of work while being capable of meeting longer term objectives. Highly motivated and quick-thinking, the successful person will also respond efficiently to any urgent and unforseen situations.

Applicants will probably be in their 30s, must be fully qualified, have systems development expertise and sound commercial experience gained within a fast moving company. For further details of this opportunity, contact Mrs. V. Crawford, Director, on (01) 409 1343 or send your C.V. to her at Le Tissier Executive Selection, Ely House, 37 Dover Street, London W1X 3RB. Ref. LT-52.

c £30,000
plus car
plus share options
West of London

LE TISSIER
Executive Selection

Group Corporate Accountant

Based Windsor **c£30,000 + Car + Benefits**

Our client, The Albert Fisher Group PLC, is a successful food, service and distribution group, operating in the United Kingdom and the United States. The group has grown substantially in recent years through a combination of acquisition and organic development. The group employs c 2000 employees worldwide and current turnover is approximately £300m.

The small Headquarters team will spearhead the continued expansion of the Group and now seeks to recruit a further high calibre qualified accountant.

The role will include responsibility for the preparation and consolidation of financial information, management of the Group's cash resources, and close liaison with Banks and financial advisors. The successful applicant will work closely with the existing team, reporting to the Group Finance Director and will have the ability and scope to play an important role in the future development of the Group.

Candidates should be graduate Chartered Accountants, aged to mid thirties with post qualification experience gained in either a commercial environment or a financial institution. Well developed communicative skills, a strong personal presence and commercial awareness are essential qualities for this demanding role.

The company offers a very attractive package including company car, pension scheme, private medical care and share options.

Interested candidates should write enclosing a comprehensive CV to Mark Carriban ACA at Michael Page Partnership,
Kingsbury House, 6 Sheet Street,
Windsor SL4 1BG.

MP
Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

FISONS Group Headquarters

CHARTERED ACCOUNTANT

Internal Audit

£ Negotiable

Fisons plc is a UK based multinational with an outstanding growth record over the last seven years. Worldwide sales of pharmaceuticals, scientific equipment and horticulture products continue to grow rapidly with 80% of sales being made overseas. The profitability of the Fisons Group has increased almost twenty-fold during the 1980's through both strong organic growth and the strategic acquisition of new businesses.

Internal Audit plays a key role in the Group's continuing success and is seen as a source of future, high calibre international line managers. We are seeking a suitably qualified candidate to strengthen this team following recent promotions.

The ideal candidate will be a recently qualified Chartered Accountant who has completed his/her training with a multinational firm of accountants. You must be able to demonstrate a successful track record in understanding, developing and auditing complex computerised accounting and financial control systems, be able to work without supervision and be prepared to travel for about 75% of the working year. A second European language would be an advantage.

Reporting to the Group Chief Internal Auditor, your responsibilities will include reviews of financial controls and reporting procedures, computerised business systems, investigations and special projects. The ability to prepare recommendations for presentation to senior management and to communicate your ideas clearly at all levels is essential. The majority of assignments will be overseas, predominantly in North America and Europe, and each will have a duration of approximately four weeks.

The salary will be commensurate with experience, plus normal large company benefits. Relocation assistance will be provided when necessary.

If this challenge appeals to you, please send a detailed CV to:

Mr. B. C. Barrett, Personnel Services Manager, Fisons plc, Fison House, Princes Street, Ipswich, Suffolk IP1 1QH

London-based Shipping Co. urgently requires an

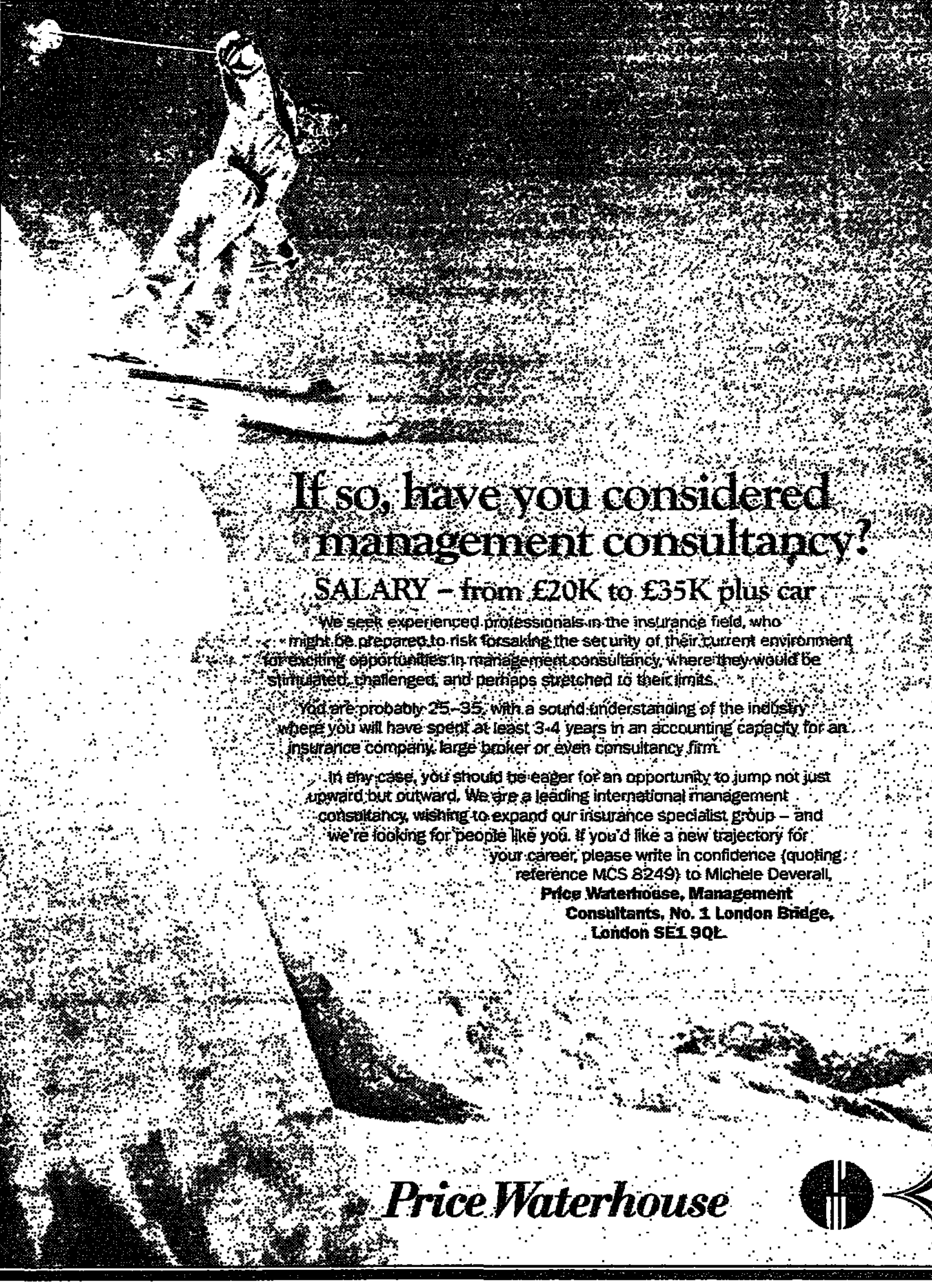
ACCOUNTANT
OFFICE MANAGER

for complete accounting function and office administration. Salary negotiable. Applicants in writing by Friday 27th February 1987 to:

Mr. B. Downes, Director
ANL Maritime Services Ltd
No. 1 Seething Lane
London EC3N 4AX

INSURANCE PROFESSIONALS

Can you tell an opportunity from a risk?



If so, have you considered management consultancy?

SALARY – from £20K to £35K plus car

We seek experienced professionals in the insurance field, who might be prepared to risk forsaking the security of their current environment for exciting opportunities in management consultancy, where they would be stimulated, challenged, and perhaps stretched to their limits.

You are probably 25–35, with a sound understanding of the industry where you will have spent at least 3-4 years in an accounting capacity for an insurance company, large broker or even consultancy firm.

In any case, you should be eager for an opportunity to jump not just upward but outward. We are a leading international management consultancy, wishing to expand our insurance specialist group – and we're looking for people like you. If you'd like a new trajectory for your career, please write in confidence (quoting reference MCS 8249) to Michele Deverall,
Price Waterhouse, Management Consultants, No. 1 London Bridge, London SE1 9QL.

Price Waterhouse

The challenge of building and maintaining effective financial controls in a rapidly expanding and dynamic company.

FINANCIAL CONTROLLER

£16,500 + Car **London**

Our client operates a successful and fast developing trading company supplying a range of imported products to a number of specialist markets. Their continuing profitable growth will be heavily dependent on the establishment of comprehensive financial control and reporting systems, and for that reason they now wish to appoint an energetic, effective and ambitious Financial Controller.

Candidates should have at least three years relevant commercial experience which will enable them to control a small department responsible for day to day accounting, cash and inventory management together with the implementation of sophisticated computer based control systems. A professional accounting qualification and/or knowledge of import procedures would be helpful.

This is a key position with future potential for a board appointment.

Applicants should write to or telephone, in complete confidence, Brian Kemp at Executive Network or weekends (4pm to 9pm) and evenings on 01-657 2734.

EXECUTIVE NETWORK
(CONSULTANTS) LIMITED
19, BEDFORD ROW, LONDON WC1R 4EB
01 831 8202/9458

DEPUTY GROUP TAX MANAGER

West London

Age: Mid 30's **c £30,000 + car**

Our client, a UK multi-national company with a turnover exceeding £3 billion and extensive overseas interests, is seeking to appoint a tax specialist who will report to the Group Tax Manager.

The responsibilities will include:

- UK tax planning;
- international tax planning including its UK implications;
- production of timely, accurate and informative reports for the Board and senior management;
- production of the tax charge to be included in statutory and monthly accounts;
- the completion and administration of the UK Corporation Tax computations;
- providing advice on PAYE.

Candidates, preferably in their mid 30's, will be qualified accountants and have at least five years experience in all aspects of UK Corporation Tax, including planning and compliance. Experience in other areas of taxation including international and PAYE is also required.

Remuneration will be negotiable c £30,000 plus a car and other fringe benefits.

Please send a comprehensive career résumé, including salary history and day-time telephone number, quoting ref: 2750/FT to W. L. Tait, Executive Selection Division.

Touche Ross
The Business Partners
Thavies Inn House, 3/4 Holborn Circus, London EC1N 2HB. Tel: 01-353 7361.

Chief Accountant

major PR consultancy

West End **c£20,000 + car**

Three years ago we recruited a young, qualified Chartered Accountant for an ambitious and fast growing public relations consultancy. He is now the Financial Director, the company is publicly quoted, and its growth has been spectacular.

As a result, he is now able to offer an exciting future and a challenging role to another accountant, similarly qualified as he was three years ago: probably in your mid 20s with post-qualification experience that justifies your claim to be commercially aware.

Based at the Head Office you will manage a small department and provide local Managing Directors with management information and work with them on profit forecasts and new projects. The Financial Director will expect you to be imaginative, innovative and articulate.

The continuing development of the group, both in the UK and abroad, will guarantee that the job will not remain static and prospects will depend upon your success in this role.

Please telephone or write with full career details to John P Sleigh FCCA quoting ref J/565/SF.

Lloyd Management
125 High Holborn London WC1V 6QA Selection Consultants 01-405 3499

ASSISTANT TO FINANCIAL CONTROLLER

REQUIRED TO WORK IN BUSY KINGSTON HEAD OFFICE

The successful applicant will assist in the preparation of management and financial accounts, be French speaking and prepared to spend up to ten days a month in their French office.

The ideal applicant will be self-motivated with good financial experience (not necessarily qualified).
Excellent salary and other benefits.

Applications in writing to: Box A0411, Financial Times 10 Cannon Street, London EC4P 4BY

APPOINTMENTS ADVERTISING

£43 per single column centimetre
Premium positions will be charged £52 per single column centimetre
For further information call:
Jane Liversidge 01-248 5205

Accountancy Appointments

Finance director

City, from £50,000

C&L

For a major fast growing international investment management group with an outstanding reputation for excellence and a substantial international component to its business – itself part of a *leading British financial institution.*

Reporting to the M.D. you will be responsible for directing a talented team of *executives whose main tasks are* the rapid improvement of financial and management information systems to keep pace with a fast growth rate, the continuous exploitation of leading edge information technology in a complex operational environment and *the management and motivation of 100+* support staff.

A qualified accountant aged from 35, you must have held a senior managerial position in a major company. Experience of sophisticated I.T. operations involving high volume transaction processing and fast, effective management reporting is *essential. You will need to be a strong personality* – persuasive, articulate and well able to stand your corner in a youthful dynamic and successful top management team.

Terms will not be a limiting factor.

Résumés please, including a daytime telephone number, to E J Robins, Ref.JR626.

Coopers & Lybrand Executive Selection

Coopers & Lybrand Executive Selection Limited
Shelley House 3 Noble Street
London EC2V 7DQ

Finance Manager

North West **to £25,000**

Our client *is a rapidly* expanding unit of a major UK multinational and is at the forefront of biotechnological development. They are committed to continued growth and their strategic plan encompasses acquisition and joint venture agreements on an international scale.

Their recent move to a greenfield site and their advanced stage of development has created the requirement for a Finance Manager to provide both strategic and operating financial expertise and to manage internationally the business's administration resources.

In addition to the normal responsibilities associated *with this level of appointment*, the *successful applicant* will be expected to play a major role in the overall development of the business including the assessment of the financial implications of proposed licences, joint venture agreements, research contracts, equity partnerships and the differential analysis of alternative strategic options.

Candidates, aged 28-32, should be graduate qualified accountants with a strong track record in investment appraisal and micro-modelling gained in an international environment. A strong personal presence, highly developed inter-personal skills, commercial awareness and a commitment to excellence are prerequisites of the appointment.

Comprehensive relocation facilities are available where appropriate. Interested applicants should contact Stephen Banks, ACMA, *quoting* ref. 7059, *on* 061-228 0396, at Michael Page Partnership, Clarendon House, 81 Mosley Street, Manchester M2 3LQ.

MP

Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Appointments Advertising

£43 per single column centimetre. Premium positions will be charged £52 per single column centimetre.

For further information call:

Jane Liverside 01-248 5205
Daniel Berry 01-248 4782
Emma Cox 01-236 3769

Financial Controller

Home Counties **c.£27,500+car**

This private company produces goods of the highest quality for the home, and is one of the country's leading names in its field. The new Controller will take comprehensive responsibility for the efficient management of the financial function at the centre of this medium-sized enterprise. *The role will also* involve working closely with the MD on corporate planning, tax and related issues. The post will appeal to a qualified accountant in the mid-30s, with experience both in the headquarters and in a manufacturing division of a substantial group using sophisticated planning and control systems.

Interesting career prospects exist within the company. Senior executive benefits, including removal expenses, will be negotiated.

Please send detailed cv, indicating current salary details, to Michael Egan, Ref: 1307/MJE/FT.

PA

PA Personnel Services

Executive Search · Selection · Psychometrics · Remuneration & Personnel Consultancy

Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6060 Telex: 27874

Financial Director

Warwickshire *£25-30,000+car & relocation*

Our client is the country's leading insulation contractor and a major force in the distribution of related materials. Growth and profitability to date are impressive, with every indication that both will be sustained. It has now become necessary to appoint a Financial Director *to play a vital role in the group's future development plans.*

A mature Financial Director/Company Secretary is sought to make a significant contribution to the group's financial management. Key responsibilities will include preparation of strategic plans, improvement of cash control procedures and MIS development.

Candidates should be qualified accountants, ACA or ACMA, aged 30-40. They should have gained considerable commercial experience, probably within the service industry sector. Applicants must offer drive, determination and initiative, as well as sound man-management skills.

A highly competitive remuneration package is offered, plus the opportunity to progress within a growing organisation.

Please send full personal and career details, in confidence. to Brian Stevenage, quoting reference 1714/FT on both envelope and letter.

Deloitte Haskins+Sells
Management Consultancy Division
Edmund House, 12-22 Newhall Street, Birmingham B3 3DX

Radio Rentals

FINANCE MANAGERS

Throughout the UK **to £25,000 plus car**

Our client, Radio Rentals Limited is a substantial profit generator within the THORN EMI Group. It employs some 6,000 people operating in over 500 retail outlets and 160 customer service centres throughout the country. Annual turnover is in excess of £200m.

As part of the company's general profit improvement strategy, it has been decided to decentralise the general management, finance, marketing and personnel functions. As part of this decentralisation policy it is necessary to appoint six finance managers who will play a key role in new divisional teams throughout the United Kingdom and Northern Ireland.

As the requirement will be for the finance managers to work very closely with divisional directors in general business development and profit improvement, preferred candidates for these positions will be graduate accountants with experience to controllership level in substantial organisations or divisions thereof. A background in the service industries will be preferred and the likely age range for shortlisted candidates will be between 27 and 35. Skills are sought in the application of computer technology to information systems development, in substantial staff control and development and in general management appreciation. The group provides excellent opportunities for high performers.

In the first instance, please send brief personal and career details to Douglas G Mizon quoting reference F/677/M at Ernst & Whinney Management Consultants, Becket House, 1 Lambeth Palace Road, London SE1 7EU. Initial interviews will be conducted throughout the UK.

E&W Ernst & Whinney

Accountancy Personnel

Placing Accountants First

THE SKY IS *NOT* THE LIMIT!

Stevenage **£Negotiable + Relocation Package**

British Aerospace ...up where we belong

British Aerospace is one of the world's major suppliers of communication satellites. Their recent appointment as prime contractor to supply the new generation of Skynet satellites for N.A.T.O. has provided an exceptional opportunity for **MANAGEMENT ACCOUNTANTS** to join an expanding and developing Finance team. *You may be providing financial management support to project business* teams or working on systems development or participating in functional management teams as financial representative.

Applicants should be outward going, self confident and commercially orientated, preferably with experience of a high-technology environment. Salary is negotiable and a generous relocation package is available where appropriate.

For further details, please contact:
Accountancy Personnel,
Ashton House,
469 Silbury Boulevard,
Milton Keynes MK9 2AH.
Telephone: 0908 661707

BUSINESS ACCOUNTANT

North Cheshire **£15–20,000**

ICI Electronics

ICI Electronics, a *new* international business group, is seeking to recruit an ambitious young accountant to join its central management team.

The work will be varied but is mainly concerned with supporting the development *of new business and ad hoc projects in both the UK and Europe. Candidates should* be self-starters, aged ideally 25-35, used to problem solving in a commercial environment, with extensive and varied industrial and professional experience.

An attractive benefits package is offered, together with superb opportunities for career advancement in this progressive organization.

For further details, please contact:
Accountancy Personnel,
49 King Street,
Manchester M2 7AY.
Telephone: 061-834 9733

RETAIL START-UP

ORDINARY ACCOUNTANTS NEED NOT APPLY...

Epsom **c£20,000**

A well known 'name' in the entertainment industry, our clients are diversifying with the establishment of an exciting retail concept which has already received substantial pre-launch orders at recent trade fairs.

They now require a career-minded *Financial Controller to establish* a professional and commercially astute accounting team.

Applicants should be qualified accountants in their mid-twenties to early thirties with ideas, motivation, strong *interpersonal skills and an appreciation of the flexible* approach demanded in all start-up situations.

For further details, please contact:
The Manager,
Accountancy Personnel,
79 New Bond Street,
London W1Y 9DB
Telephone: 01-493 3813

Deputy Treasurer

Central London **c£27,500+car**

A British owned international manufacturing group with a distinguished history and a tradition of excellence seeks a Deputy Treasurer for its Central London headquarters. Candidates, ideally in the age range 28-42, should be:

★ *graduates with a banking or accounting qualification*

★ in possession of at least 2 years' treasury experience preferably in a major group environment

★ creative thinkers with an enthusiasm for new techniques in financial management.

The job embraces the conventional areas of treasury expertise and calls for a significant contribution in the area of trade financing and an ongoing commitment to the improvement of Group banking administration and practice.

The treasury function is making an increasingly important contribution to Group effectiveness and this new appointment will provide significant development opportunities for a young treasury specialist. The salary and benefits package reflect the importance attached to this post.

For a full job description write, in confidence, quoting 5133/FT *to* John Gregory at John Courtis & Partners, 356 Silbury Boulevard, Central Milton Keynes, MK9 2LR, demonstrating clearly how you meet our client's requirement. Interviews will be held in either London or Milton Keynes. Both men and women may apply.

JC&P *Management* Selection and Search
London, Milton Keynes, Northwich

FINANCIAL DIRECTOR

CONSUMER PRODUCTS MANUFACTURING

Long established, growing, successful, privately owned, ... are all epithets to describe our client, a South Midlands based manufacturer of solid wood furniture products. Turnover has grown profitably and considerably over the last few years to around £7m as they changed from sub-contract work to marketing their own product ranges. Systems, however, have not kept pace with their growth.

The need now is for an experienced, qualified Accountant, probably ACMA and mid 30's, certainly with a background in volume manufacturing of consumer products who can bring the concepts and benefits of a fully *integrated accounting system and contribute fully to the* overall business development.

Remuneration is to around £30,000. Excellent benefits *include* car and relocation assistance if relevant.

Please apply in the strictest confidence with full details of age, experience, qualifications, and earnings, quoting Ref. No. FT0251, to Peter Small:

QMS Recruitment
Quorn House, 6 Princess Road West
Leicester LE1 6TP

HEAD OF INTERNAL AUDIT

LONDON **c £33,000 + car**

The Central Electricity Generating Board is one of the world's largest electric power utilities, with responsibility for planning, building and *operating Power Stations for the bulk supply of* electricity in England and Wales.

The Central Electricity Generating Board is seeking a new Head of Internal Audit.

The post is based in London but has responsibility for all matters of Internal Audit nationwide. The overall size of the financial resources of the Board includes an £8bn. revenue turnover and a capital spend around £1bn. *Financial control* involves national computer based systems across the whole range of commercial applications. To this end the *successful candidate will need to be able to head* a team of over 70 auditors in computer, major project and general audit. In addition, the Board has an Audit Committee which places great emphasis on the locus of the internal auditor in value-for-money studies and the successful candidate will need to make an articulate and effective contribution in this area.

Candidates preferably should be qualified accountants and must have extensive experience in a wide range of financial activities.

Starting salary will be in the region of £33,000 pa. with an attractive remuneration package including car.

Applications in writing with comprehensive *cv. should be sent to The Personnel* Services Manager, CEGB, Sudbury House, 15 Newgate Street, London EC1A 7AU quoting reference 43/87/MG/FT to arrive no later than 5 March 1987.

The CEGB is an equal opportunity employer.

CENTRAL ELECTRICITY GENERATING BOARD HEADQUARTERS

NEWLY QUALIFIED ACCOUNTANCY APPOINTMENTS

The Financial Times has arranged with the Institute of Chartered Accountants to publish a list of those candidates who were successful in the recent PII examinations. We propose to publish the list in our issue of Thursday, March 5, which will also contain several pages of advertisements under the heading "Newly Qualified Accountancy Appointments." The advertising rate will be £43.00 per *single-column centimetre; special positions are available* by arrangement at premium rates of £52.00 per single-column centimetre.

GUIDE TO RECRUITMENT CONSULTANTS

and entries in the Guide will be charged at £65.00 which will include company name, address and telephone number.

For further details, please telephone:

Louise Hunter on 01-248 4864
Daniel Berry on 01-248 4782
Jane Liversidge on 01-248 5205
Emma Cox on 01-236 3769

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Accountancy Appointments

City Financial Pioneers

With the reorganisation for Big Bang now complete this foremost London-based financial organisation will forge ahead with systems development and major projects this year. Talented individuals aged 24-30 who take up key posts now will enjoy exceptional opportunities to develop their careers.

Management Accountant to £22,000

Add your ACMA/ACCA qualification, the weight of your commercial experience and your communication skills to a high-flying young management accounting team. Take complete responsibility for management accounts in the Property Services Area liaising with senior management on financial and business planning, acquisitions and systems development. You will be dealing with estate surveyors on cost control and pricing so an engineering environment background is useful.

Internal Auditors to £18,000

The Audit Services Division is exploding and offers tremendous potential. The audit responsibilities are strictly non-routine and give perfect scope to develop an understanding of the working of the organisation. An ideal first move for an ACA, recently qualified with a large or medium firm.

Telephone or send curriculum vitae to:

Steve Greenwood or Maggie Love

LOVE + TATE
APPOINTMENTS
01 283 0111 · 70 OLD BROAD STREET · LONDON EC2

High Calibre ACAs

Project Consultancy in preparation for Senior Line Management

Central London
c£30K + car & low interest mortgage

Out of assets of over £20 billion managed worldwide by the Prudential, some £17 billion is invested from our London Head Office by Prudential Portfolio Managers (PPM), the *Prudential's investment management* company and the UK's largest institutional investor.

Expansion into new business areas and the creation of new products and services is leading to the decentralisation of the company into product oriented self-accounting business units. This in turn will create a number of highly visible senior finance opportunities.

In anticipation of these developments, we need to recruit a high calibre accountant who will assume a project consultancy role prior to moving into a senior line position. In line with the expansion of the business and the development of new initiatives, the emphasis of the project work will be to develop systems to co-ordinate and improve the financial reporting and control within the Group. There will also be opportunities to manage projects which are themselves creating either the expansion or the new products.

We will be looking for Chartered Accountants, aged early thirties, who can demonstrate a broad based record and ideally a post-graduate qualification. Good communication skills, entrepreneurial flair and the ability to make an early impact are a priority.

Benefits include a low cost mortgage, non-contributory pension, and relocation expenses if appropriate. Further career development prospects are exceptional.

Send a cv to Paul Everall, Personnel Manager, Prudential Portfolio Managers Ltd., 142 Holborn Bars, London EC1N 2NH.

PRUDENTIAL
Prudential Portfolio Managers Limited

Finance director

London, c £40,000

This £40 million turnover company has extensive interests in music publishing and instrument manufacture with worldwide operations including factories in England, Germany and France. It is now profitable after some considerable reorganisation.

It seeks a Finance Director to continue the process of profit improvement by taking a strong interest at every level from shop floor operations to currency control to financial systems. This demanding appointment combines detailed financial control with general management that could lead to wider responsibilities within 18 months.

The ideal candidate aged 35–45 is likely to be a qualified accountant and/or an MBA with extensive experience in manufacturing and a background in company turnround situations having held a senior financial appointment in a substantial company.

Terms and conditions of employment are excellent and include assistance with relocation. Please apply in confidence to Gregory T M Hinds, Ref. GH654.

C&L

Coopers & Lybrand Executive Selection

Coopers & Lybrand
Executive Selection Limited

Shelley House 3 Noble Street
London EC2V 7DQ
01-606 1975

APPOINTMENTS ADVERTISING

£43 per single column centimetre
Premium positions will be charged £52 per single column centimetre
For further information call:
Jane Liversidge 01-248 5205
Daniel Berry 01-248 4782
Emma Cox 01-236 3769

MANAGEMENT CONSULTANTS — INSURANCE SECTOR

ACCOUNTANTS

UP TO £28,000 + CAR — *LONDON*

This Management Consultancy is part of one of the world's largest firms of chartered accountants and will double in size in the next two years. The diversity of experience available and the consultancy's rapid expansion provide qualified accountants with unusually good opportunities for promotion and development.

The Insurance Group has an established reputation for excellence and is expanding in response to increasing workloads. As a consultant, you will need the mental agility and independence to handle a wide range of organisational and technical assignments. You will experience contrasting client environments and also work outside your skill group.

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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Thursday February 19 1987

Steven Butler in Singapore reports on a deal intended to keep Tan Sri Khoo's financial empire intact

Bank of Brunei creditors bid to clear muddy waters

THE OUTCOME of a first meeting today in New York between representatives of Shearson Lehman Brothers and creditor banks to the National Bank of Brunei may give some indication of whether a commercial settlement to the NBB affair is a possibility. Tan Sri Khoo Teck Puat, who owned some 70 per cent of the bank, is expected to address the bankers personally.

The meeting may, on the other hand, serve only further to muddy waters that have been exceedingly murky ever since the Brunei Government seized and closed the NBB last November, amid charges of fraud and conspiracy against the bank's managers and auditors.

Nearly B$1bn (US$ 467.3m) in NBB loans, some 90 per cent of the bank's loan portfolio, is still outstanding to companies controlled by Tan Sri Khoo. Shearson Lehman, on his behalf, is making proposals designed to settle the claims of NBB while keeping Tan Sri Khoo's financial empire more or less intact.

It has been an uphill battle for Shearson Lehman since the Brunei Government is openly opposed to *the settlement terms, although* yesterday, for the first time, it was revealed that the new NBB controller was encouraging banks to negotiate with Shearson Lehman over a package proposal. This could represent an important turn of events.

None the less, complications emerged in Singapore with news that the Singapore Government had begun its own investigations into Tan Sri Khoo's affairs there.

The Singapore Finance Ministry's commercial affairs department (CAD), which investigates and prosecutes alleged commercial crime, has begun seizing records from some of Khoo's companies and at least one bank creditor, American Express, of which Shearson is part. Business associates of Khoo have been interviewed about the local operations of Khoo's companies.

It is not clear what the investigators are looking for. The CAD routinely declines comment on its investigations. until the aims of the investigation is dropped, however, it is difficult to imagine how banks can join in a rescue operation for Khoo or his companies that requires continuing or increased financial support.

The nub of the Shearson Lehman proposal is that all of Khoo's unencumbered assets will be collected in escrow in a company set up in Singapore. These assets will be used to *raise funds in order to seek a rapid* liquidation of both the assets and the liabilities of NBB.

Although details of the proposals are not available, it seems clear that the plan would in effect require banks to transfer their loans issued to NBB to the escrow company, allowing Khoo's debts to the NBB to be paid and removing Brunei's involvement in the affair.

Standing firmly in the way, however, is the fact that Khoo's assets are currently encumbered by writs for repayment of more than B$800m issued by the controller of NBB. Large blocks of shares of Khoo's companies have been seized.

Unless the NBB controller withdraws these actions, the assets of the escrow company cannot be built up to a point that sufficient funds can be raised.

At stake is a financial empire stretching throughout Asia and into the City of London. Tan Sri Khoo owns controlling interests in hotel and property companies in Singapore. He owns the Southern Pacific *Hotel Corporation, Australia's* largest hotel chain, although the NBB controller has applied to have shares for the company registered in the name of NBB.

Tan Sri Khoo has also been mentioned in the controversy surrounding Standard Chartered Bank's successful defence against the takeover bid from last year from Lloyds Bank of the UK. Tan Sri Khoo emerged as a white knight in the defence when he bought, a 5 per cent stake in Standard Chartered in the final days of the bid. It was later revealed, however, that Standard Chartered granted a credit facility to the NBB during the bid.

Close associates of the Khoo family in Singapore have portrayed the Brunei Government's action against the NBB as part of a personal vendetta against Tan Sri Khoo, although they have not been successful at explaining the motives. The Brunei Government's efforts to block the Shearson Lehman proposals are seen as evidence that the Government is after more than a commercial resolution that cleanly liquidates all assets and liabilities of the NBB.

Brunei's main objection to the plan appears to be that it would require continuing involvement of creditor banks to the NBB – the Government would prefer that the banks are paid back. Defenders of the plan say that this is a decision *that the creditor banks ought to be* able to make themselves.

Others, however, say that Shearson Lehman simply misread the mood of the Brunei authorities.

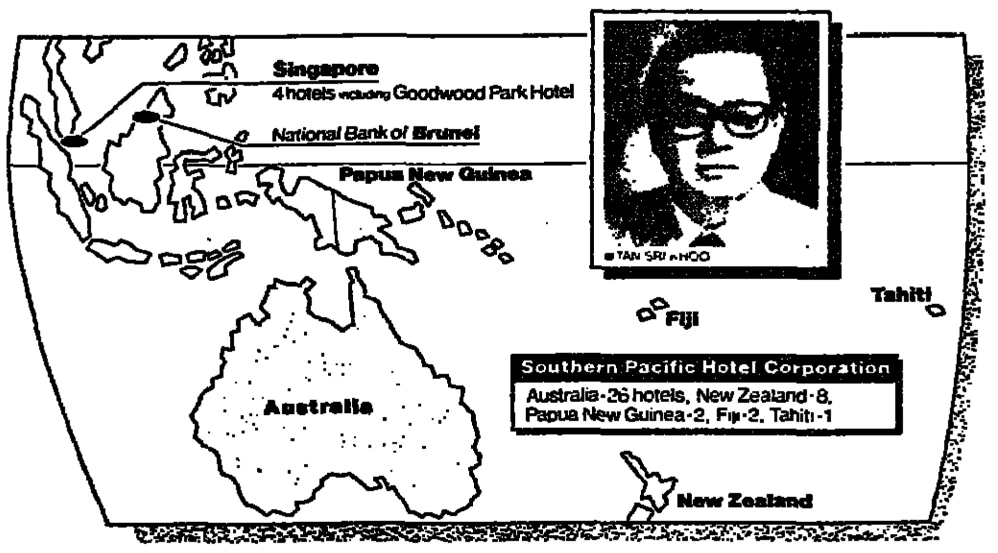
"What they do not understand," says a bankers "is that they are dealing with a government that feels it is in the right."

Although the plan would, if accepted by all involved parties, lead to rapid liquidation of NBB, its principal purpose could be interpreted as an effort to compel bankers to save Tan Sri Khoo's empire from destruction.

With the Brunei authorities now believing that Tan Sri Khoo has dealt with them in bad faith, they would be unlikely to accept such a plan unless presented to them as a wrapped package, fully paid for, and with no strings attached.

Wrapping up such a package, of course, will be all that more difficult without the Brunei authorities in on the negotiations from the start.

If the efforts fail, the result will very likely be lengthy legal battles ending up with the Khoo empire carved up into small pieces and few, if any, creditors receiving full payment.



Tan Sri Khoo is considered one of the richest men in the Far East but, because he is primarily a trader of assets often using nominees to do his business, it is difficult to gauge his true worth.

The last time he put a figure on his assets was in 1976 when he said he was worth the equivalent of US$182.5m, and controlled assets of about S$600m.

He is the founder of Malayan Banking and owns 70 per cent of National Bank of Brunei, in addition to his extensive property and hotel investments.

DnC set to replace dividend with bonus shares

By Kevin Done in Stockholm

DEN norske Creditbank, Norway's leading commercial bank, has decided not to pay a dividend for 1986, but to distribute bonus shares instead, *a move that has prompted* concern among foreign investors.

The surprise announcement depressed the bank's share price, even though DnC argued yesterday that the move had tax advantages, particularly for domestic investors, and insisted that it had not been forced "out of necessity".

The move has been interpreted by some foreign investors as a sign of weakness after a year in which the bank has had to make heavy provisions for doubtful loans. The bank's free share price fell from NKr 195 at the start of trading on Tuesday to around NKr 170 ($24) yesterday.

Mr Lars Brustad, deputy managing director responsible for investment banking, insisted yesterday that the bank had "ample room" in its earnings to pay a dividend even after all loan provisions, extraordinary items and tax payments. The decision was in the interests both of *the bank and the majority of shareholders,* he said.

Mr Chris Honnor, a stockbroker with Kleinwort Grieveson in London, said that foreign investors had reacted with "anger and discontent: It is extremely damaging in terms of foreign investor relations. DnC shares have been regarded as high income shares and have gone into high income funds. People are inclined to think that DnC needs the money."

The bonus issue is not to be paid out of profits, but is to be taken out of the bank's hidden reserves, through the revaluation of the *booked value of bank buildings.*

Bouygues backs off row with Schneider

By George Graham in Paris

THE EXPANDING empire of Mr Francis Bouygues has pulled back from its confrontation with the Schneider group over the future of the Spie Batignolles construction company.

Bouygues, France's largest construction group, has sold the 33.9 per cent stake in Spie it acquired in November to a group of shareholders friendly to Spie.

Although the one-third holding had allowed it to block Spie's plans to increase its capital, Bouygues was unable to shift Spie's majority shareholder, the Schneider group led by Mr Didier Pineau-Valenciennes, which gradually increased its stake to 60 per cent.

The sale represents a reverse for Mr Bouygues, who has rapidly expanded *his* construction empire by taking over its rival Screg last year and by diversifying into the retailing sector.

In Paris yesterday, company officials involved in the sale of the Spie stake said the withdrawal would provide liquidity for Mr Bouygues' bid to gain control of the TF1 television chain, which is about to be privatised.

The French Government has set the price of a majority stake in TF1 at FFr 3bn ($500m), considerably higher than several of the bidders had anticipated. Havas, the most favoured candidate to win the franchise, has already pulled out of the running.

Schneider said yesterday it had made clear all along that it intended to keep its stake and exercise all the rights of a majority shareholder in complete freedom.

Bouygues, however, said that Schneider had refused any co-operation between Spie and Bouygues, whose activities were complementary.

The company said: "In the face of this lack of understanding, Bouygues did not wish to keep its holding and, in agreement with Schneider, ceded this stake."

The shareholding was sold for *FFr 555 a share, compared with an* average purchase price estimated at FFr 510, leaving Bouygues with capital gains of about FFr 74m.

ITT sharply ahead amid special charges

BY RODERICK ORAM IN NEW YORK

ITT, the diversified US industrial and financial group, has reported a sharp rise in net profits for the fourth quarter and year, although the underlying performance was heavily masked by special charges and gains.

The company said net income for *continuing operations in 1986* totalled $528m or $3.45 a share, against $281m, or $1.80, a year earlier. The earnings were understated, however, by the inclusion of three large special items.

The biggest of these was a $98m, or 65 cents-a-share, net charge related to the spin-off of ITT's telecommunications equipment business into Alcatel, a European joint venture. "Substantial" pre-tax gains on the deal were more than offset by US tax liabilities.

Second, ITT included an $80m, or 53 cents, charge for "strategic reserve actions" and third a gain of *$50m, or 33 cents, from the sale of* shares in Abbey Life Insurance.

Year earlier net profit from continuing operations was similarly understated by $100m, or 71 cents a share, by several one-time items.

The group said final net income was $494m, or $3.23 a share, against $294m, or $1.89, a year earlier.

Revenues rose 19 per cent to $17.4bn from $14.7bn. The latest period included a $12m gain from discontinued operations and a $46m extraordinary loss incurred in debt redemption. The year-earlier figure included a $13m gain from discontinued operations.

Fourth-quarter net profits from continuing operations, distorted by many of the above items in both years, were $124m, or 80 cents a share, against $1m, or 4 cents, a year earlier. Final net profit was $102m, or 66 cents, against a loss of $15m, or 14 cents. Revenues rose 14 per cent to $4.8bn from $4.2bn.

The results gave no indication of how individual activities had performed. A company spokesman said details would be forthcoming when ITT executives meet stock analysts in a few week's time. Reporting its nine months results last autumn, the group said its insurance activities had turned in strong earnings.

Meanwhile, Mr Rand Araskog, chairman, said in a statement accompanying the results: "Our 1986 operating performance was better than our expectations and reflects considerable strength throughout our product and service businesses."

Aetna Life reports 66% rise for year

By James Buchan in New York

AETNA LIFE & Casualty, the largest commercially-owned US composite insurance company, yesterday reported a 34 per cent increase in net operating profits in the fourth quarter and an improvement of 66 per cent for the year.

Aetna, which like other property casualty insurers has recovered strongly since mid-1984, said that its operating earnings in the fourth quarter were $216m or $1.87 a share, against $161.6m or $1.42 in the last quarter of 1985.

Various special gains and losses, including a $44m tax advantage from earlier losses and a $19.6m capital gain realised on Aetna's investment portfolio in the latest quarter, left final net income at $284.9m or $2.48 a share, against $146.8m, or $1.29.

While the quarterly comparisons are becoming less dramatic, Aetna still turned in operating net income *of $714m, or $6.18 a share, against* $430m ($43.84) in 1985. Adjusted for realised capital gains and losses and tax carry-forwards, these figures become $1.04bn ($9.12) and $376m ($3.32).

Mr James Lynn, chairman of Aetna, said that the property casualty business contributed most of the earnings improvement and progress was made "toward reaching an acceptable level of profitability."

Earnings in employee benefit business were held back by the cost of new ventures and the rising cost of health care but commercial insurance earnings were up sevenfold to $177m in the year, and doubled to $62m in the quarter.

Commercial policies are still being renewed at much higher premiums: the underlying growth in net written premiums was 24 per cent in the quarter.

However, the stock market continues to shun insurance stocks, and Aetna is still trading below its 1986 peak. The market fears that once again the dramatic improvement in profitability will attract new capital to the industry – Aetna's equity base rose 18 per cent last year – and bring on a price war in premium rates.

Atlas Copco retreats by 11.8%

BY SARA WEBB IN STOCKHOLM

ATLAS COPCO, the Swedish industrial, mining and construction equipment manufacturer, reported *an 11.8 per cent fall in profits after* financial items for 1986 on slightly increased sales.

Profits after financial items were SKr 730m ($112m), compared with SKr 828m in 1985. Group profits have been affected by unfavourable exchange rates in relation to certain suppliers and markets, and by restructuring costs.

Invoiced sales totalled SKr 10.351bn, up 2.8 per cent on the 1985 figure of SKr 10.062bn. Overseas *markets* account for 91 per cent of group invoiced sales.

Group sales of industrial compressors and tools for the manufacturing industry increased during 1986, particularly in Brazil and Western Europe.

However, profits for the Airpower division, which sells both portable and industrial compressors, fell 4 per cent to SKr 431m because of large start-up costs for the launch of new products.

The MCT division, which makes hydraulic and pneumatic equipment for mining and drilling, suffered a fall in profits, from SKr 185m to SKr 118m, largely because of unfavourable exchange rates in the most important markets.

Earnings in the tools division rose 19 per cent to SKr 108m, while *invoiced sales* were 10 per cent up

Lear Siegler loses $65.5m after charge

BY OUR NEW YORK STAFF

LEAR SIEGLER, the Californian conglomerate which recently went private through a $2.1bn leveraged buy-out, yesterday reported a second-quarter loss of $65.5m and announced plans to sell several subsidiaries as part of its corporate restructuring plans.

The latest loss results from a non-recurring $75m charge in December reflecting curtailment of the operations of the group's Piper Aircraft Corporation which has been hit by the downturn in the general aviation business.

In the six months to the end of December, Lear Siegler lost $49m, or $2.68 per fully diluted share, compared with net income of $28.8m, or $1.52 per share, in the corresponding period of the previous financial year.

Lear Siegler has 169 operating facilities in 29 states plus eight foreign countries and employs about 29,000 people.

The company plans to sell its Smith & Wesson handgun subisidiary, the Starcraft recreational vehi*cle and boat manufacturing subsidi*aries, the LS Marine sailboat subsidiaries, its Peerless truck trailer and heavy duty vehicle manufacturing operations, the Producers Cotton Oil Company and its Agricultural Equipment manufacturing operations.

Goldman Sachs, the New York investment bank, will act as financial advisor to the company on the divestitures of Smith & Wesson, Starcraft and LS Marine. Annual sales for the operations to be divested were not disclosed.

Norcem doubles group turnover

By Our Nordic Correspondent

AKER NORCEM, one of Norway's largest industrial concerns with activities in construction, building materials and offshore drilling and contracting, had a group turnover of NKr 9.4bn last year, more than double the 1985 level. This follows the consolidation of the Aker group and Astrup Hoyer, Norway's second largest construction group.

Group profits after financial items rose to around NKr 400m from NKr 297m in 1985, according to preliminary figures.

At the beginning of 1987, Aker *had a record backlog of orders* at NKr 5.6bn, of which the offshore division accounted for NKr 3.3bn.

Aker Norcem said that as much as 90 per cent of group turnover was currently derived from the domestic market and that the group had made international operations *a priority.*

Penney plans to join TV home shopping

BY OUR NEW YORK STAFF

J.C.PENNEY, the third biggest general retail store chain in the US, *yesterday* reported a 20 per cent rise in its full year earnings to $478m, or $6.37 a share, and announced plans to enter the fast-growing TV home shopping market.

Penney announced yesterday that it would launch in the summer the first consumer-controlled, cable *TV delivered, home shopping and* information service, called "Teleaction".

Teleaction requires a touch-tone telephone and a TV set, and it will be sold as part of the basic cable TV subscriber package. It will be provided initially to 125,000 households in the Chicago area and, depending on the rate of consumer acceptance, could be extended to over 20 large *US cities by the end of 1989. More* than 60 cities should be linked up over the next five years.

The disclosure that one of the biggest US retailers was planning to make a push into shopping from home by TV sent J. C. Penney shares $3 higher to $89¾ early yesterday. Shares of Home Shopping Network, a Florida-based pioneer in the sector, whose price has soared following last year's stock market flotation, tumbled by $5 to $25 yesterday.

J. C. Penney's full-year earnings, before $52m of special charges, rose by a third to $530m

Allis spin-off plan threatened

By Our New York Staff

ALLIS-CHALMERS, the troubled US industrial group, said yesterday *that its plan to spin off almost half* its operations to a Swedish subsidiary was endangered by the parent company's serious financial condition.

The Milwaukee company, the common and preferred stock of which reacted strongly to the reorganisation announcement on February 10, warned that the transaction could take months and might only be possible if creditors extended relief on their loans "as part of an overall recapitalisation of Allis-Chalmers."

Allis, which has been shrinking drastically in response to the collapse of its agricultural and ore-processing equipment markets, said last week that it wanted to spin off its overseas subsidiaries and its North American crushing and screening operations, into a company to be built round its fairly successful Swedish subsidiary, Svedala-Arbra in Malmo.

Copenhagen bank falls sharply into the red

BY HILARY BARNES IN COPENHAGEN

COPENHAGEN Handelsbank, Denmark's second largest commercial bank, reported a DKr 828m ($121.8m) group loss last year compared with a net profit of DKr 2.42bn in 1985.

The bank slimmed the balance sheet total from DKr 135.9bn to DKr 108.4bn to help meet the 8 per cent minimum legal ratio of equity capital to deposits and guarantees.

It cleared the ratio by a margin of a ½ per cent as its total equity capital declined from DKr 6.90bn to DKr 6.10bn.

The 15 per cent dividend will be maintained despite the loss caused by unrealised losses on the bond and share portfolio of DKr 1.66bn compared with unrealised gains of DKr 2.42bn in 1985.

The bank's chief executive, Mr Bengt Hansen, said its operating profits, which increased by 18 per cent from DKr 967m to DKr 1.14bn, provided a satisfactory basis for developing the bank's business in the coming years.

Earnings after depreciation and bad-debt provisions increased 11 per cent from DKr 566m to DKr 626m.

The balance sheet adjustment was made primarily by reducing loans and deposits with other domestic and foreign banks. However, bank lending to the public increased by only 8 per cent, although bank sector lending as a whole last year rose 30 per cent. The bank's deposits declined from DKr 50.9bn to DKr 48.1bn.

The big portfolio loss was caused by falling bond and share prices on the Copenhagen stock exchange last year which hit the earnings of all the banks.

First Bank steps up dividend

By William Hall in New York

FIRST BANK Systems, a leading US regional banking group, yesterday announced one of the biggest dividend increases in the industry in recent memory, raising its quarterly payout by 50 per cent to 37.5 cents a share.

First Bank Systems is the 15th largest bank holding company in the US, and many of its customers are based in the mid-Western farm belt which has been suffering serious financial problems.

The group said that its action, which led to a near-10 per cent jump in its share, was "an expression of confidence" in its financial strength and earnings outlook. It said that the adverse trend in credit quality during the last two years had been reversed.

Between 1981 and 1984, the group's ratio of dividend to earnings had ranged from 33 per cent to 38 per cent, but over the past two years the ratio had slipped to about 27 per cent.

The company said that the dividend increase restored the ratio to levels more consistent with its historical pattern.

Sika turnover suffers from weak dollar

By John Wicks in Zurich

SIKA, the Swiss-owned building chemicals group, has reported a 3 per cent fall in turnover for last year to SFr 697m ($453.5m) but says cashflow should be about the previous year's level of SFr 41.2m.

The fall in sales is the result of the foreign currency situation, particularly the weak dollar and Latin American currencies. In terms of Swiss francs, North American sales were down 25 per cent and those in South America by 27 per cent on 1985 figures. In contrast to the lower Swiss franc turnover, sales volumes rose 4 per cent last year.

The 1986 turnover figure does not include sales of the recently-acquired companies Adheseal, of Simrishamn, Sweden, and Chemseco, of Kansas City.

The Baar-based parent company Sika Finanz says in a letter to shareholders that it expected satisfactory results for the current year, during which it would concentrate on "strengthening our position in growth technologies."

Sika Finanz plans a SFr 60m warrent-bond issue next month to finance "major investments in our subsidiaries and the purchase of acquisitions," while a rights issue of new shares and participation certificates will be proposed at the next annual meeting.

Northrop hit by costs on F-20 Tigershark

BY OUR FINANCIAL STAFF

NORTHROP, the US military aerospace group, reported lower net earnings at $9.3m, or 20 cents a share, in the fourth quarter, from $29.2m, or 63 cents, a year ago. The setback was partly due to taking all remaining costs related to the F-20 Tigershark programme in the three months.

For the year, profit slid to $41.2m, or 89 cents a share, from $214.4m, or $4.63, on sales of $5.61bn, against $5.06bn last time. For the latest quarter, turnover was up at $1.66bn from $1.53bn.

The full-time results include a $90m provision for a margin adjustment on a research and development contract.

Northrop also cited lower margins in the early phases of some classified programmes, fewer aircraft deliveries and the phase-out of the Peace Hawk services programme in Saudi Arabia.

Spending on the Tigershark programme in the quarter totalled $105.3m, compared with $54.6m in the period a year ago, and $236m for the year, compared with a net $142.6m in 1985.

Income in 1985 also benefited from two non-recurring items totalling $96.5m.

Northrop attributed its increase in sales to greater volume in both its aircraft and electronics business segments.

Sulzer sales steady

BY OUR ZURICH CORRESPONDENT

SULZER Brothers, the Swiss engineering concern, booked an unchanged group turnover of about SFr 4.5bn ($2.9bn) last year, according to the parent company in Winterthur.

Net earnings are expected to exceed the 1985 levels of SFr 42m for the group and SFr 26m for the parent. This marks a continuation of the turnround for Sulzer, which reported consolidated losses of SFr 102m in 1983 and SFr 18m the following year.

While orders on hand permitted "good capacity use" in 1986, the value of new orders received during the year fell from SFr 4.8bn to SFr 4.6bn. This, like the unchanged level of group sales, reflects the further sharp trade-weighted increase of the Swiss Franc in 1986.

In the case of the parent company, sales fell from SFr 2.3bn to SFr 2.2bn and new orders from SFr 2.2bn to SFr 2.1bn last year.

Deutsche Bank subsidiary unchanged

By Haig Simonian in Luxembourg

DEUTSCHE BANK Compagnie Financiere, the Luxembourg subsidiary of West Germany's largest bank, made an unchanged preliminary after-tax profit of DM 35.7m ($19.8m.), in 1986.

The bank's total assets declined by 6 per cent last year to DM 24.1bn as a result of the dollar's fall.

The bank's net profit is again being used to strengthen its discretionary reserves, which now stand at DM 331m.

Reflecting the continuing downturn and competition in the traditional Euro-credit market, the bank has decided to follow the example of some of its West German counterparts in Luxembourg and expand into private client business next month. It is accordingly changing its name to Deutsche Bank Luxembourg S.A.

INTL. COMPANIES and FINANCE

Riccar wins support from Daiei

BY YOKO SHIBATA IN TOKYO

RICCAR, the Japanese sewing machine maker which collapsed in 1984, has won the surprise financial backing of Daiei, Japan's largest supermarket operator, on the final day before Riccar would have been forced into liquidation.

The Tokyo District Court had approved an earlier plan to rehabilitate the company under the protection of the Corporate Rehabilitation Law — the Japanese version of the US Chapter 11 proceedings — in February 1985. It had to submit a rehabilitation plan within two years, and had been scheduled to do so by yesterday.

However, Mr Shogo Abe, the Riccar receiver, has now announced that the company has received court permission to postpone the submission for six months and will work out the rehabilitation plans with full backing by Daiei.

When Riccar returns to court in August, it is expected to propose a placement of new shares with Daiei which would give the retail group effective control.

For the year ending this month, Riccar this week forecast a pre-tax loss of Y2bn ($13.1m) on sales which have dwindled to Y13.6bn.

Daiei despatched an adviser to Riccar on Tuesday and plans to help Riccar in all areas including finance, personnel and product development. According to Mr Isao Nakauchi, Daiei's chairman, signs of an upturn could be detected in Riccar's performance.

Of more immediate interest, however, is believed to be Riccar's property holdings, which have benefited from a recent surge in land prices. In particular, there has been a substantial increase in the market value of Riccar's head office building in Tokyo's Ginza district, which Riccar is planning to sell together with other assets.

Daiei plans to develop Riccar into a marketing company using Riccar's existing nationwide branch and sales staff, Mr Abe said. He estimates Riccar's liabilities at Y86bn ($560m) including Y35bn in secured debt. With profits from property disposals as well as from its business, the company plans to repay the secured debts over 10 years.

The collapse of Riccar left 14 foreign banks with a total exposure of Y9.48bn, and this was mostly in unsecured short-term loans. The recovery of these remains in doubt.

Bond strengthens his operations

BY OUR HONG KONG AND FINANCIAL STAFF

MR ALAN BOND, the Australian entrepreneur, has unveiled two corporate deals which, although not directly related, are both expected to strengthen his operations.

At home, he is to end his retailing presence with the disposal of Waltons Bond, a 73-store chain which for some years has proven a drag on earnings for Bond Corporation Holdings, his Perth-based master company.

The purchaser of the chain, for an undisclosed cash price, is Venture Stores, a privately held Melbourne group.

In Hong Kong, meanwhile, the HK$1.9bn (US$ 243.6m) acquisition of Financial Square, a nearly finished twin-tower office complex, has helped minimise the possibly damaging effects of a public apology he made just two days earlier. This was for making misleading statements on the net asset value of Bond International, his new locally listed vehicle.

The company, a 66 per cent subsidiary of Bond Corporation, has so far provided no details of how the group will finance the purchase. A terse statement yesterday said ti paid HK$1,810 per sq ft for the complex—considered a good price for the centrally located property.

The purchase has sharply improved group earnings prospects in the medium-term. The complex should be ready for occupation by the end of the year, when supply of commercial space will be tight.

Financial Square was 70 per cent controlled by a Singapore and Japanese consortium, with the remaining 30 per cent split between locally listed Sinlo-Land, and a subsidiary of Everbright. The statement from Bond said payment would be in cash, through instalments to be completed by the end of the year.

Bond International had debts of HK$2.4bn and relatively meagre equity of some HK$350m before the purchase. A HK$1bn rights issue is planned to help fund the HK$1.4bn purchase of HK-TVB, the territory's leading television company.

Demand for Bond shares was heavy yesterday. They closed at HK$3.75 compared with Tuesday's HK$3.60 commencement. The increase was seen mainly as a response to the improved net asset value of the company, which is now in the HK$2.60 range.

That is the magic figure that Mr Bond quoted to journalists in early January, and which got him into hot water with the Securities Commission because it contradicted the HK$1.10 quoted in the company's prospectus.

Excluded from the Australian disposal is the lease of a large Sydney shop and office development being conducted jointly with Kumagai Gumi, the Japanese construction group.

Bond Corporation executives described themselves as very happy with the price obtained, which "bears no comparison with what one could get a year ago."

Improvement for Hooker at six months

By Chris Sherwell in Sydney

HOOKER CORPORATION, the Australian property and retail group of which Mr George Herscu took control in 1985, yesterday reported sharply improved interim profits on the back of increased revenue.

Figures for the six months to December show revenue increased by 28 per cent to A$432m (US$286m) and profits after tax and preference dividends up by 35 per cent to A$35m. According to the company, a further A$22.6m in deferred profits has yet to be taken into account.

The improvement in performance, made despite generally difficult business conditions, was said to reflect the growing importance of Hooker's US activities and the benefits of Mr Herscu's entrepreneurial approach.

Hooker is currently developing three large shopping centres in the US, in Cincinnati, Denver and Tampa. Its expanding projects division now has operations in six US states as well as in all of Australia's states.

A profits breakdown for property activities shows improvements in projects, housing, and head leases and car parks, but declines in residential land development and agencies.

In other activities, retail stores, share trading and the finance company all improved, but the resources division weakened.

Bougainville Copper up by 61%

BY OUR FINANCIAL STAFF

BOUGAINVILLE COPPER, the Papua New Guinea mining mining affiliate of Australia's CRA, boosted net profits by 61.2 per cent last year to 45.31m kina ($48.17m), on a 7.9 per cent rise in revenues to 342.7m kina.

The company attributed the outcome to "higher concentrate sales, significantly higher gold prices and containment of production costs." The total dividend for the year is lifted to 11 toea per share from 7 toea, including a payment for the latest six months of 7 toea.

Metal sales for 1986 included 178,774 tonnes of copper, 16,445 kg of gold, and 50,373 kg of silver—showing respective rises in volume over the previous year of 5.2 per cent, 6 per cent, and 13.8 per cent.

Production improvements were achieved through an increase in gold grades and increased metal recovery which stemmed from the use of a secondary grinding unit.

Bougainville's borrowings during the period were reduced by 7.7m kina to stand at a year-end 26.8m kina. Interest charges came down to 2.92m kina from 4.40m kina.

In addition to loans outstanding, the company indicated that 86.5m kina was available in undrawn facilities plus more than 2½ times that amount in banker's acceptance lines.

Profits decline at Asahi Glass

BY OUR TOKYO STAFF

ASAHI GLASS, Japan's leading glass products group, yesterday reported a pre-tax profits decline of 9 per cent last year to Y51.98bn ($339m), despite a 3 per cent increase in turnover to Y703.41bn.

Net profits were Y26.39bn, down 8 per cent, but the annual dividend is unchanged at Y8 per share.

The poor performance was blamed partly on a sluggish market for the company's mainstay products such as those for the automotive and electrical industries, as well as higher depreciation costs.

Sales of glass and construction materials such as glass fibre reinforced cement (GRC) rose 4.8 per cent to Y382bn.

Lower utility charges and cheaper oil prices were offset by negative factors such as a Y30bn revenue fall from plant exports caused by the yen's rise, sluggish glass sales to the car industry, and a Y5bn setback in colour television tubes.

For the current year, Asahi Glass expects strong sales of glass products for construction. Demand for TV tubes is forecast to recover prior to the Seoul Olympics. Pre-tax profits are projected at Y54bn, up 4 per cent, on turn over of Y720bn, up 2 per cent from the previous year.

Tung offshoot shares rise sharply

BY KEVIN HAMLIN IN HONG KONG

ORIENT OVERSEAS Holdings of Hong Kong, the 65 per cent held subsidiary of the C. H. Tung shipowning group which recently completed a US$2.8bn debt and capital restructuring, yesterday sounded a warning following a dramatic rise in its share price.

Relisted just over a week ago after a 17-month suspension, the shares, which have a net asset value of HK$0.538, opened on Monday at HK$6, and have traded since up to a high of HK$9.

A statement from Orient's board expressed "concern" and added that it "is not aware of any reason for this movement."

It noted, however, that the volume of shares traded was small.

The group's statement appears to have dampened enthusiasm somewhat. Orient shares closed yesterday at HK$5.20, down 60.5 per cent on the previous day's close.

Blue Circle South Africa ahead

WEAK DESPITE demand for cement from South Africa's building and construction industries, Blue Circle, the cement manufacturer 42 per cent owned by its British parent of the same name, lifted net earnings for 1986 from 14.7 to 72.6 cents a share and the dividend total has been raised from 11 cents to 38.5 cents a share, Jim Jones reports from Johannesburg.

Sales volumes were lower than in 1985, though turnover rose slightly to R301m ($144.9m) from R291m and pre-tax profits, assisted by lower interest charges, rose to R17.3m from R2.1m.

AIBD BONDS INDICES
WEEKLY EUROBOND GUIDE FEBRUARY 13 1987

	Redemption Yield	Change on Week %	12 Months High	12 Months Low
US Dollar	8.529	0.685	10.104	8.450
Australian Dollar	14.464	0.243	14.587	12.830
Canadian Dollar	9.824	1.972	11.664	9.633
Euroguilder	6.137	−0.325	6.314	5.804
Euro Currency Unit	8.665	0.301	9.434	8.164
Yen	5.849	0.154	6.898	5.774
Sterling	10.651	−0.084	11.665	9.751
Deutschemark	6.101	−0.082	6.750	6.071

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INTERNATIONAL CAPITAL MARKETS and COMPANIES

UBS opens Australian offshoot

BY CHRIS SHERWELL IN SYDNEY

UNION BANK of Switzerland today opens a wholly-owned merchant banking subsidiary in Australia, joining at least 120 others in an increasingly competitive and unprofitable business.

Dr Robert Holzach, UBS chairman, said in Sydney yesterday that the bank was continuing a process of internationalisation begun only 20 years ago. Although a universal bank, it aimed to concentrate abroad on wholesale banking and, in particular financial centres, to specialise in chosen activities.

In the Far East, he said, the said, the bank conducts a full range of operations in Tokyo, but the emphasis was on foreign exchange in Singapore and on private banking in Hong Kong. In Sydney it would be on investment banking.

In particular, with Australia emerging as a major world gold producer and UBS a major gold trader, UBS Australia would actively participate in the bullion business.

Dr Holzach said UBS offered customers experience in capital market transactions and, with its large client base and investment portfolios, a substantial placing power.

UBS's unsuccessful 1984 bid for a foreign banking licence in Australia had stiffened its determination to become more closely involved in Australian banking he added.

He acknowledged that other banks had run into problems in Australia and were not making much money.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on February 18

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	98¼	98¾	+0⅛	0	7.87
A/S Eksportfinans 7⅞ 93	100	99	99½	0	−0⅛	7.76
Australia Com. 11 95	200	116¼	116½	0	+0⅛	8.20
Australia Com. 11¼ 00	100	116½	117	+0⅛	+0½	9.02
BP Capital 9⅛ 94	100	107	107½	+0⅛	+1⅛	7.75
British Telecom 7⅝ 96	250	97	97½	+0⅛	−0½	8.04
Campbell Soup 10½ 95	100	112⅞	113⅜	0	−0⅛	8.32
Canada 9 96	1000	107⅛	107⅝	0	−0½	7.83
Canadian Pac. 10⅝ 93	100	108⅝	109⅛	0	−0⅛	8.84
CCCE 7⅛ 91	115	99	99½	+0⅛	0	7.31
CNCA 7¼ 91	150	99	99½	+0⅛	−0⅛	7.46
Citicorp 8¼ 93	200	99¼	99¾	+0⅛	+1⅛	8.34
Credit Lyonnais 9 91	200	105⅜	105⅞	+0⅛	+0⅛	7.37
Credit National 9¼ 93	150	106⅛	106⅝	+0⅛	−0⅛	7.76
Credit National 7¼ 91	150	99⅛	99⅝	+0⅛	−0⅛	7.40
Denmark Kingdom 7⅛ 92	500	97⅛	97⅝	0	−0⅛	7.74
Denmark Kingdom 8¼ 91	300	102½	103	0	0	7.52
EEC 7 91	100	98⅝	99⅛	0	−0⅛	7.28
EEC 8¼ 96	200	102⅞	103⅜	0	−0⅛	7.76
EEC 8⅝ 91	150	104⅞	105⅜	+0⅛	−0⅛	7.11
EIB 7⅝ 93 A	100	99½	100	−0⅛	−0½	7.67
EIB 7⅝ 93 B	100	99⅛	99⅝	−0⅛	−0½	7.71
Eurofima 7⅞ 92	100	101⅛	101⅝	+0⅛	−0⅛	7.52
Finland 7⅞ 97	100	99⅛	99⅝	+0⅛	−0⅛	7.97
Finland 7½ 93	200	98⅝	99⅛	+0⅛	−0½	7.71
Ford Motor Cred. 10½ 91	150	109⅞	110⅜	+0⅛	−0⅛	7.83
Ford Motor Cred. 11⅛ 90	100	110	110½	0	−0½	7.43
Gen. Elec. Cred. 10¼ 00	200	106⅛	106½	0	−0½	9.39
GMAC 10¼ 89	200	106⅛	106⅝	0	−0⅛	7.10
GMAC 8½ 93	200	102⅞	103⅜	+0⅛	−0⅛	7.84
IADB 9⅞ 95	200	112⅜	112⅞	0	+0⅛	7.84
Liberty Mutual 8½ 96	150	102⅛	102⅝	+0⅛	−0⅛	8.12
LTCB of Japan 8 91	100	102⅛	102⅝	0	0	7.34
Merrill Lynch 8¼ 91	100	102⅞	103⅜	−0½	−0⅛	7.96
Mercds.-Benz Cred. 7½ 93	100	100⅞	101⅜	+0⅛	+0⅛	7.29
Mitsubishi Fin. 7⅞ 93	100	99⅛	99½	0	−0⅛	8.01
Mutual America 7⅝ 92	100	99⅝	100⅛	+0⅛	−0⅛	7.65
Nisshin Steel 7⅝ 92	70	*99⅜	99⅞	0	−1⅛	7.72
Norway Kingdom 7⅛ 91	500	99½	100	0	−0½	7.30
Pepsico Inc. 7⅛ 93	200	98⅛	98⅝	+0⅛	−0⅛	7.70
Qantas Airways 10⅜ 95	140	112⅜	112⅞	+0⅛	−0½	8.34
Queensland Govt. 10¼ 95	100	110⅞	111⅜	+0⅛	−0⅛	9.28
Ralston Purina 11¼ 95	150	†114⅞	115⅜	0	−0⅛	8.86
Saab Scania 9½ 91	125	105⅞	106⅜	0	+0⅛	7.67
Saskatchewan 10¼ 92	100	112	112½	0	−0⅛	7.72
State Bk. S. Aust. 9¼ 93	100	105⅝	106⅛	+0⅛	−0⅛	7.98
Statoil 10 90	170	107⅝	108⅛	+0⅛	−0⅛	7.33
Swed. Exp. Cred. 7¼ 91	100	98⅞	99⅜	+0⅛	−0⅛	7.46
Swed. Exp. Cred. 10 92	100	110⅛	110⅝	+0⅛	−0½	7.53
Sweden 8¼ 96	200	104⅞	105⅜	0	−0⅛	7.95
Sweden 10¼ 92	250	112	112½	0	−0⅛	7.53
Sweden Kingdom 10⅞ 90	200	110½	111	+0⅛	−0⅛	7.02
Sweden Kingdom 7 91	250	98½	99	0	−0⅛	7.31
Taiyo Finance 7⅝ 94	100	98⅛	98⅝	0	−0½	8.06
Toyota Motor Cred. 8 89	100	101⅞	102⅜	+0⅛	−0½	7.02
Toyota Mtr. Cred. 7⅛ 92	150	98½	99	0	−3	7.46
Victorian Rep. 11⅝ 92	150	115	115½	+0⅛	−0⅛	7.92
World Bank 7 92	300	98⅞	99⅜	0	−0⅛	7.21
World Bank 8½ 16	150	†99⅜	99⅞	0	−0⅛	8.53
Yasuda Trust Fin. 8½ 93	100	102⅞	102⅜	0	−0⅛	7.97

Average price change on day 0 on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 8 94	200	108⅛	109⅛	−1	−1⅛	6.45
Austrian Elec. Co. 6½ 95	150	101¼	102	0	0	6.24
BMW 5¼ 96	200	92⅛	92⅞	0	−0⅛	6.35
Daimler Benz Int. 5¼ 01	500	91⅞	92½	+0⅛	+0⅛	6.60
Dow Chemical 5⅝ 96	300	93⅞	94⅝	0	−0⅛	6.47
Dow Chemical 6¼ 95	300	101⅝	102⅞	−0⅛	−0⅞	6.43
EIB 5½ 98	150	93	93⅝	−0⅛	−0⅞	6.36
EIB 6⅛ 96	300	98⅞	99⅞	−0⅛	−1⅛	6.26
EIB 6⅞ 95	300	103	103½	−0⅛	−1⅛	6.35
EIB 6 97	300	100⅛	100⅞	−1⅛	+2⅛	5.92
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Expr. OS Cr. 5⅞ 91	20	102⅞	103⅜	+0⅛	−0⅛	5.01
Denmark 6⅛ 96	10	106½	107	+0⅛	−0½	5.44
Denmark, Kingdom 5⅛ 92	130	100⅞	101⅛	+0⅛	0	4.89
GMAC 5¼ 91	60	102½	102⅞	+0⅛	−0⅛	4.93
Sweden, Kingdom 5¼ 94	50	100⅞	101¼	+0⅛	+0⅛	5.26
Sweden, Kingdom 5⅝ 95	20	102	102½	+0⅛	−0⅛	5.29

Average price change on day +0¼ on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
AB Electrolux 14½ 90 A$	50	98⅞	99⅞	0	+0⅛	14.45
Amatil Fin. 14⅛ 90 A$	40	98⅛	99⅛	0	−0⅛	15.10
Amro Bank 14¼ 90 A$	60	99⅞	100⅞	0	−0⅛	14.16
BHP Fin. 14¼ 92 A$	75	98¼	99¼	−0⅛	−0⅛	14.50
Colgate-Palm. 14¼ 91 A$	75	98⅞	99⅞	−0⅛	−0⅛	14.42
GMAC 12⅞ 89 A$	40	95½	96½	0	−0⅛	15.01
McDonald's Sys. 14½ 94 A$	50	100⅛	101⅛	0	−0⅛	14.27
World Bank 14⅛ 92 A$	100	99⅛	100⅛	0	−0⅛	14.12
Canadian Pac. 10⅝ 90 C$	75	†107⅛	107⅝	0	+0⅛	7.86
Chrysler Corpn. 10 91 C$	75	100½	101⅛	0	−1	9.01
Genstar Fin. 11¼ 95 C$	75	†107½	108	−0⅛	−1	10.30
GMAC 9¼ 92 C$	75	101	101½	+0⅛	−0⅛	8.92
Royal Trustco 10⅞ 90 C$	75	†105	105½	0	+0⅛	8.67
Sears Acc. 10⅝ 92 C$	75	†104⅛	104⅝	−0½	−1⅛	9.56
Coca-Cola F. C. 17 90 NZ$	75	†98	99	0	−1⅛	17.47
Denmark 17½ 89 NZ$	50	*†101⅛	101½	0	−1½	16.55
Unilever Cap. 17½ 89 NZ$	50	†97½	98½	+0⅛	−1⅛	18.35
Copenhagen City 9 95 Ecu	40	†101⅞	102⅛	+0⅛	−3⅛	8.68
EIB 7⅞ 91 Ecu	100	†99⅞	100⅛	+0⅛	+0⅛	7.40
EIB 8⅞ 93 Ecu	100	†104⅞	105⅛	−0⅛	−0⅛	7.56
Walt Disney 8¼ 94 Ecu	62	†103½	104	0	−0⅛	8.03
Finland 6 91 Fl	100	100	100½	0	0	5.93
Mort. Bk. Denmark 6 91 Fl	150	98⅛	98⅞	−0⅛	−0⅛	6.33
Thyssen 7¼ 90 Fl	50	103	103½	0	−0⅛	6.10
Wessanen 6⅛ 90 Fl	50	101½	102	0	−0⅛	6.18
World Bank 5¼ 91 Fl	100	99½	100	0	0	5.80
Australia Com. 11 92 £	40	102⅛	103⅛	+0⅛	+1½	10.20
Imp. Chem. Inds. 10 03 £	100	†93⅛	94⅛	+0½	+0⅞	10.79
Imp. Chm. Inds. 10¼ 92 £	75	†102⅞	103⅛	+0½	+1	9.95
Invst. in Inds. Int. 10 93 £	60	97⅞	98	+0⅛	+1⅛	10.53
Leeds Bldg. Soc. 10½ 91 £	50	99½	100⅛	+0⅛	+1⅛	10.56
McDonalds 10⅞ 90 £	40	101½	102	+0⅛	−1⅛	10.17
Nationwide BS 10⅛ 93 £	75	98⅛	98½	+0⅛	+2	10.51
NSW Treasury 10⅝ 92 £	50	100⅛	101	+0⅛	+1	10.45
Royal Insce. 10¼ 92 £	60	†100⅛	101⅛	−0⅛	−0⅛	10.50
J. Sainsbury 10⅞ 93 £	60	101⅛	101⅞	+0⅛	+1⅞	10.48
Trusthouse Forte 11⅛ 90 £	50	101½	102	+0⅛	−0⅛	10.41
World Bank 11⅛ 95 £	100	106⅛	106½	+1⅛	+2⅛	10.08
CoE 8⅞ 95 LFr	600	†104⅛	105⅛	0	0	8.00
EIB 8⅛ 93 LFr	1000	†103½	104½	0	0	7.76

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alberta 3 93	0.0312	99.84	99.95	11/06	6.14
Alliance & Leic. Bldg. 94 £	0.08	99.50	99.55	20/01	10.08
Barclays Bank Perp. 1	0⅛§	†94.25	94.50	2/01	7.06
Barclays Bank Perp. 2	0⅛§	94.28	94.45	17/02	8⅛
Belgium, Kingdom of 91 Feb	0	100.28	100.37	19/02	8.06
Britannia 5 93 £	0⅛	99.83	99.88	8/02	10.19
Chase Manhattan Corpn. 91	0⅛	99.33	99.43	20/02	6.12
Citicorp 98	0⅛	99.06	99.16	28/11	7.19
Credit Lyonnais 5 00	0⅛	100.26	100.36	12/01	6.81
EEC 3 92 DM	0	100.13	100.22	12/01	4.44
EEC 5¼ 93 Ecu	0.0312	99.96	100.06	30/01	7.66
Halifax Bldg. Soc. £ 94	0.1	99.69	99.74	6/02	10.54
Midland Bank 01 £ May	0.1	99.48	99.58	9/02	10.6
Milk Mrktg. Board 5 93 £	0⅛	†100.52	100.62	29/12	10.68
New Zealand 5 97 £	0.07	99.83	99.93	14/08	10⅛
New Zealand 5 01	0	99.79	99.89	4/02	8.13
Prudential Corpn. 4 95 £	0.1	99.85	99.95	5/12	9.85
Shearson Lehman Hldgs. 91	0⅛	99.41	99.51	6/02	6⅛
United Kingdom 5 92	0	100.01	100.20	7/01	7.19
Woodside Financial 5¼ 97	0	99.57	99.67	28/01	6.81
Woolwich 5 95 £	0⅛	99.83	99.88	19/11	10½

Average price change on day +0.01 on week −0.09

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5 92 DM	12/83	472	—	—	—	—
Minolta Camera 2¼ 94 DM	2/86	1105	93	94	0	76.15
Ajinomoto 3 99	4/84	984	†361	363	+17½	6.19
Chiba Bank 2⅞ 02	1/87	830	153	154½	+8⅛	6.52
Fanuc 3⅛ 98	1/84	3564	†235	237	+7½	5.08
Fuji Bank 2¼ 00	10/85	1623	255	257	+9⅛	5.03
Fuji Heavy Industries 3 00	8/85	676	109⅛	111	+3⅞	3.35
Fujitsu 3 99	5/84	1109	127	128⅛	+1⅛	1.72
Mitsubishi Bank 2⅞ 00	8/85	1715	248	250	+10½	4.80
Mitsubishi Trust 2½ 01	5/86	1680	260½	262½	+4⅛	−0.20
Mitsui Bank 2⅝ 01	4/86	1019	190⅞	192⅞	+2⅛	−1.15
Mitsui Trust 2⅛ 01	10/86	1990	134⅛	135⅛	+5⅛	6.29
Murata 3½ 00	7/84	1998	194⅞	196⅛	+7⅛	5.02
Nippon Elec. 2⅞ 00	1/85	1295	257⅛	258⅞	+14½	267.82
Nippon Oil Co. 3 00	5/85	923	214⅞	216⅛	+0⅞	−0.63
OKI Elec. Ind. 3½ 99	10/84	805	—	—	—	—
Sanwa Bank 2⅛ 00	10/85	1442	—	—	—	—
Sumitomo Bank 2⅞ 00	8/85	2142	256⅛	258⅞	+13½	10.88
Toshiba Ceramics 3 00	4/85	1734	†120	121	−0⅛	5.92
Nippon Oil Co. 2⅛ 92 SFr	3/84	1001	*†127	127	0	−1.83
Yokohama Bank of 2⅛ 01	10/86	1045	145⅛	147⅛	+12⅛	9.02

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

$875m new dollar bond issues launched

By Clare Pearson

THE EURODOLLAR new issues market sprang into life yesterday as deals emerged totalling $875m — including the first sizable conventional floating rate note (FRN) of the year.

Syndicate managers have been mainly concentrating on the non-dollar sectors recently. Investor demand in the Eurodollar sector has been thin because of concerns about the currency and the direction of US interest rates.

Yesterday's volume seemed to be triggered by a wish among lead-managers to complete deals before two events today that could disturb the market: the publication of the revised fourth-quarter US gross national product figure, and testim· · before Congress by Mr Paul Volcker, the Federal Reserve chairman.

The reception of yesterday's issues underlined the continuing difficulty of selling Eurodoľar bonds except for the best quality names on attractive terms, dealers said.

Among the fixed rate deals, Deutsche Bank Capital Markets' $250m 10-year issue, for the World Bank proved the most attractive, even though investors are generally wary of longer-dated deals.

But the World Bank is a well-liked name in the market, and the terms—a 7¾ per cent coupon and 101 issue price—looked attractive. The deal, which is not being swapped, was quoted well within 2 per cent fees early in the day, although later fell to about 99.05 bid.

Other syndicate managers were setting shorter maturities on their new issues yesterday, as lately investors have proved mainly interested in earlier-dated Eurodollar bonds.

As the three-year area has been well-supplied recently, Bankers Trust International chose a four-year maturity for its $125m deal for Swedish Export Credit (SEK) and Salomon Brothers International a five-year life for its $200m deal for GMAC.

Both issues struck dealers as fairly, but not generously priced. SEK's 7 per cent deal, priced at 100⅛, gave an initial yield spread of 40 basis points over US Treasury bonds, and GMAC's 7¾ per cent bond, priced at 101, a 61 basis point margin.

Nevertheless, neither was enthusiastically received by the market. SEK's issue was quoted at a bid price representing a discount to issue price of 1.80 points, against 1⅞ per cent fees. GMAC's issue was quoted at about ½ point below its 1⅞ per cent fees on the bid side.

Morgan Stanley's nine-year issue for MacMillan B'... ..l, the triple-B rated Canadian pulp manufacturer, came with a 9 per cent coupon and 100⅞ issue price. At this level it could be swapped into floating rate funds at attractive rates. It was increased from $75m to $100m.

Shearson Lehman Brothers International's bond for American Express Bank, its fellow subsidiary of American Express, reopened the conventional FRN market. Until yesterday the only sizeable FRNs had been mortgaged-backed or created by repackaging fixed rate bonds launched this year.

Marubeni deal challenges Tokyo banking accord

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

A ECU 40m bond issue for Marubeni International Finance, the UK subsidiary of the Japanese trading company, yesterday challenged an 11-year-old agreement that Japanese banks would not lead-manage overseas bond issues for Japanese companies.

The lead manager was Fuji International Finance, the merchant banking subsidiary of Fuji Bank.

The issue, which had been expected, has caused consternation among securities houses which constantly battle with Japanese banks to maintain their respective traditional areas of business. The Marubeni bond was interpreted as a further sign that the barriers between banking and securities business are breaking down.

The issue was not for Marubeni itself, but for a British financing company operating without the guarantee of the parent. Dealers at securities houses, which were not invited into the deal, dismissed this however as a gimmick disguising what they saw as a breach of a Ministry of Finance agreement.

The Ecu 40m five-year bond, priced at 101¾, with an 8¾ per cent coupon, is of the bull/bear variety, divided into two equal tranches with variable redemption prices depending on the price of a West German government bond, the Bundesrepublik 6 per cent due 2016.

Though some dealers interpreted the terms as indicating an easing of the Bundesbank's opposition to D-Mark-related deals by Japanese houses, the issue was understood not to have required Bundesbank approval and not to indicate any such relaxation.

In West Germany, the European Economic Community raised DM 300m with a bond issue which virtually completed an Ecu 875m financing for Greece. The six-year issue, led

INTERNATIONAL BONDS

by Deutsche Bank, was priced at 100 with a 5¾ per cent coupon and was quoted at a discount equal to its total fees.

A financing subsidiary of Avis Europe, the UK-based car rental group, made a DM 100m swap-related issue for five years, with a 5¾ per cent coupon and par pricing. The issue, led by Commerzbank, was enthusiastically received as it was viewed as a well-known name offering an attractive yield.

D-Mark bonds saw some buying interest and rose about ⅛, though in quite low turnover.

In Switzerland, the City of Oslo, a triple-A rated borrower, made a SFr 250m issue led by Handelsbank. The 10-year bonds were priced at 99¾ with a 4½ per cent coupon. A two-tranche private placement was launched for Tokai Kogyo, a Japanese construction concern, by Union Bank of Switzerland. A SFr 30m five-year tranche was priced at 100¼ with a 4¾ per cent coupon and a SFr 20m seven-year portion at 100¼ with a 4¾ per cent coupon.

Swiss franc bond prices were slightly easier in moderate volume. Electricite de France's SFr 150m 4½ per cent coupon closed its first day's trading 99, 1¼ points below issue price.

Credit Suisse is today expected to launch a SFr 150m private placement with equity warrants for Misawa Homes. Yesterday, a SFr 40m convertible for Fuji Electrochemical had its coupon cut from 1¾ to 1½ per cent.

The Euroyen sector saw its longest maturity so far, 20 years on a Y20bn issue for Austria led by Daiwa Europe. The bond was priced at 102 with 5⅞ per cent coupon.

Deutsche Bank made its first issue in Canadian dollars, a C$100m seven-year issue led for another group subsidiary by Deutsche Bank Capital Markets. The issue, with a 9 per cent coupon and price of 101½, was well received.

In guilders, Nederlandsche Middenstandsbank made and led a Fl 150m five-year issue with a 6 per cent coupon and par pricing.

Ford farm unit buys tractor maker

By Bernard Simon in Toronto

FORD New Holland, the farm equipment subsidiary of Ford Motor, has expanded its product range and North American dealer network by buying Canada's only tractor maker, Versatile Farm Equipment of Winnipeg.

The C$180m ($135m) purchase is the latest in a series of realignments in the international farm equipment industry, which has been battered by an unremitting recession for the past seven years.

Ford, which accounts for 12 per cent of worldwide tractor sales, completed its purchase of New Holland less than six months ago. One of Ford's leading competitors, Deere, made a bid for Versatile last year.

While Ford's tractor range is presently limited to vehicles of 190 horsepower, Versatile specialises in large, four-wheel drive tractors of over 400hp. Versatile also makes grain swathers and bi-directional tractors.

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Chase delays syndication of Hidruna loan

BY TOM BURNS IN MADRID

A DECISION by Chase Manhattan Bank to postpone its planned lead managament of a syndicated loan to a minor Spanish utility was seen yesterday as an indicator of considerable nervousness over the country's electrical sector in the wake of the recently announced financial difficulties facing the Fecsa utility company.

A Pta 11bn ($86.1m) loan to Hidroelectica de Cataluna (Hidruna), which is a subsidiary of the major utility Hidrola, was due to be signed tomorrow, but Chase has delayed a decision on the syndication, with the unanimous approval of the institutions scheduled to participate in the loan, until the first fortnight of next month.

There were fears yesterday that Fecsa's difficulties had spotlighted attention on Spain's electrical sector and that there could be a chain reaction on the lines of the Hidruna delay which could affect moves by the utilities to renegotiate their loans.

A further indicator of nervousness yesterday came with the failure of Bank of America to find bidders for a revolving loan funded by auction to the Sevillana electrical utility. Bank observers said Bank of America, a main underwriter of the loan, was unable to place Pta 9bn of a Pta 10bn tranche that was offered in yesterday's auction.

Fesca, which is at the centre of the present controversy surrounding the utilities, has revealed an estimated debt of Pta 570bn, some 25 per cent of which is foreign currency and widely spread. It incurred losses of Pta 40bn in 1985 and a similar amount in the first nine months of last year.

Mr Luis Magana, the company's new chief executive, has spent this week, his first on the job, locked into talks with the industry ministry and with leaders of the utilities sector in an attempt to come up with a viable rescue plan. Meetings with creditor banks are expected to take place early next week.

At issue is the extent to which the Government is prepared to help restore confidence in Fecsa, and by extension, in the sector as a whole.

The initial response by the industry ministry to the Fecsa crisis has been that the utility was a private company which could not expect the Government to bale it out. The administration has also stressed that Fecsa's difficulties were typical of the sector and implicitly blamed the company for its negligent management.

DEFENCE DOCUMENT DETAILS DOWNTURN IN TRADING

L and N share price falls sharply

BY NIKKI TAIT

London and Northern, construction, energy and healthcare group which is facing a £90m bid from Demerger Two, yesterday released its delayed defence document, giving more details of the trading downturn during 1986.

And yesterday the shares fell sharply from 72½p to 66p, following the decision by the majority of the board at 10 pm on Tuesday night to recommend qualified acceptance of Demerger's 81p-a-share cash alternative, though not its paper terms.

Sentiment appeared to reflect fears that the grudging recommendation implied a grim profits picture for 1986 and could herald an even sharper fall in the price if the Demerger offer, which requires 90 per cent acceptances, were to lapse.

The defence document revealed that on the troubled healthcare side the turnkey equipment supply contract in the Middle East had been discontinued and that "a substantial extraordinary write-off" would be made in respect of that closure. The company has already made a £3.7m provision against losses on the contract in its 1985 figures.

London and Northern says it has now lodged a claim against British Technology Group, the former National Enterprise Board, in respect of the contract. BTG held the largest—65.7 per cent—stake in United Medical Enterprises, the healthcare company, which London and Northern bought for £24.3m in 1983.

The civil engineering division, added the document, would show "a most disappointing performance," but on the natural resources side Rockville had an excellent year and in manufacturing, Tactico, the cellular radio company produced outstanding results. The board said it entered 1987 "in a confident mood despite difficult trading conditions in certain markets."

Yesterday's share price fall came in the wake of confusion over a rapid sequence of announcements from Demerger and Hill Samuel, advisers to London and Northern. Demerger released a statement welcoming the majority recommendation, adding that "directors are greatly relieved by assurances delivered by Hill Samuel that L and N directors are not aware of any material adverse change which has occurred within the group."

Hill Samuel promptly replied that "no assurances whatsoever" had been made. The varying accounts appeared to relate to a telephone conversation late last night between Mr Peter Earl, a director of Ifincorp Earl, which is advising Demerger, and Mr Richard Crick at Hill Samuel.

However, yesterday evening, Mr Earl said that the Demerger and its associates were comforted by the responsible statement made by L and N directors in the document, that "informaton contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information." He added that Demerger had made no approach to the Takeover Panel, seeking to vary the terms.

In addition, Mr Earl maintained that the underwriting of Demerger's cash alternative was firm. "We have just been doing a ring around and the mood is bullish," he commented.

In the document, L and N said it has been difficult for the board to satisfy itself that cash resources were available to implement the cash aternative in full.

The document also mentioned that L and N had received a number of letters from shareholders saying they had accepted the Demerger terms in error.

See Lex

Pentland gains £1.3m from US holding

By Janice Warman

Reebok International, the US athletic footwear and clothing manufacturer in which Pentland Industries of the UK has a 37 per cent holding, has announced its first quarterly cash dividend of US 10 cents per share on its common stock.

This will mean a cash injection of US$1.95m (£1.28m) for Pentland. "This is very good news for our cash flow," said Mr Richard Stevens, director and company secretary. "If Reebok continues to do as well we can expect it to bring £5m in dividends over the four quarters."

He said it would not mean a massive hike in the Pentland dividend—although he admitted there might be some pressure from shareholders—but would largely be used for acquisitions as well as the company's normal organic growth.

"We are working actively on a number of possible acquisitions, some small and some larger."

Pentland produced interim pre-tax profits to June 30, 1986 up by nearly 75 per cent to £43.3m. Reebok more than trebled its 1986 year-end profits to $261.16m (£169.14m) on sales of $919.4m (£595.47m).

The Reebok dividend will be paid on April 2.

Lee Ming Tee ups Aitken stake

BY NIKKI TAIT

Lee Ming Tee Group, the investment and financial services company controlled by Mr Lee K. Ming Tee, a Malaysian businessman based in Australia, has bought a further 1.02m shares in Aitken Hume, the British financial services group. This raises its stake from 20.8 per cent to 23 per cent.

Mr Tony Constance, chief executive of Aitken, said yesterday that Aitken had been aware of the share-buying and that the stake remained friendly.

"We are in frequent contact," he commented, "and looking at doing things together."

The shares are held through two companies within the Lee Ming Tee Group — Sunshine Pacific of Hong Kong and its Australian associate, Hastings Derring Finance and Investment Company. Hastings, which manages mutual funds in Australia, is seeking to launch an international unit trust to which Aitken could act as adviser, Mr Constance said.

However, Mr Constance pointed out that the Lee Ming Tee holding would not be able to exceed 24.99 per cent without triggering US change of control rules. Mr Lee started buying Aitken shares last June.

A second stake in Aitken is held by Rawda Investments, including Saudi Investment and Finance Corporation, which has a representative—Mr Z. Idilby—on the board. This was increased from 19.2 to 20.4 per cent last week.

Last August, Aitken rebuffed a £69m bid from Tranwood, a shell company controlled by Mr Nick Oppenheim, the financier, when independent directors of the US fund management arm refused to sanction a change in control. The change of control could have jeopardised Aitken's NSR fund management subsidiary's mutual fund contracts in the US.

Noble Grossart rises to £2.6m

PRE-TAX PROFITS at Noble Grossart, an Edinburgh-based merchant bank, improved from £2.44m to £2.65m in the year to January 31 1987, the 18th consecutive year of growth. Income from unlisted investments climbed from £335,809 to £605,872, and from listed investments from £39,848 to £47,224.

Interim dividends paid during the year totalled 8.5p (7.96p), and again no final is being recommended. After tax slightly higher at £890,467 compared with £881,201, and dividends, which absorbed £425,000 (£398,000), retained profits came out at £1.33m (£1.16m).

At the year-end, shareholders' funds were £9.8m against £8.46m. Total assets stood at £57.43m (£52.94m).

Mr Angus Grossart, managing director, sadi the company was engaged in a good number of transactions in corporate finance, many of which occured in London or in North America.

He said there was no longer a disadvantage of having its main base in Scotland. There had been growing activity in its London office and improvements in communication technology had increased its international effectiveness.

The company's banking function had a busy year in which it concentrated on strengthening its base and improving fee income.

Argyll close to £36m Barton buy-out

By Martin Dickson

Argyll, the supermarkets group, is expected to conclude a deal this week to sell Barton Brands, its US drinks distributor, for about $55m (£36m) in a management buy-out led by Mr Ellis Goodman, who heads Barton.

Mr Goodman, who has been responsible for Barton ever since Argyll acquired it, already holds a 5 per cent equity stake in the business, with Argyll owning the remaining 95 per cent.

Argyll, which is in the process of buying Safeway Food Stores in the UK for £681m, is negotiating separately to sell George Morton, a wholesale distributor of drinks brands in the UK. This and Barton are together expected to realise about £50m. costs of establishing itself as a major international drinks business are too high in such a concentrated sector.

Meanwhile, it announced yesterday that shareholders have taken up 96.6 per cent of the 194m shares it is issuing to pay for the Safeways deal. The remainder will be taken up by institutions with which the shares were conditionally placed.

Argyll shareholders will meet this morning to approve the deal at an extraordinary general meeting, while the Government is also likely to announce whether or not the deal is being referred to the Monopolies Commission. If the Government's ruling did not come until next week this would involve Argyll in additional underwriting costs.

Lower orders at Futura

Futura Holdings, the Cheshire-based footwear manufacturer and distributor, forecast increased profits for the year to December 1986 but warned that the current order book was considerably less than in February of last year.

The directors stated that taxable profits of around £450,000 were expected for the last financial year — an increase of 10.5 per cent on 1985's £407,321.

Futura's business is highly seasonal, usually resulting in low stocks at the year-end after satisfying orders from wholesalers and retailers.

F & C Eurotrust net assets up

F & C Eurotrust had a net asset value per share convertible at par of 312.9p at end-1986, compared with 220.3p a year earlier and 261.4p at end-June 1986. Convertible fully converted the figures are 278p, 187p and 223.5p respectively.

Franked income for the six months totalled £31,800 (£23,800), and unfranked £299,700 (£152,300).

The directors said that net revenue received during the first half was not indicative of the total likely for the full year.

Net attributable revenue came out at £10,000 compared with losses of £38,600, after a tax charge of £2,500 (£27,800 credit). Earnings per share improved to 0.85p (0.5p losses).

The company has changed its year-end to September, and a full interim report will be published at end-March.

Peachey Property's profit slips back 25% at midway

Peachey Property Corporation saw pre-tax profit drop 25 per cent from £5.84m to £4.38m in the six months to December 25, 1986. As forecast in the last annual report, trading profit was lower—down from £2.58m to £1.07m—reflecting the disposal of predominantly commercial property.

Sir Charles Ball, chairman, reported that since June 24 last year there had been substantial purchases for development, investment and trading. The total cost of the acquisitions had been £32.3m, excluding future development costs.

Trading profit for the second half would be dependent on further sales yet to be arranged, but the pre-tax profit for the full year was expected to be close to the £10.4m recorded for the year ended June 24 1986.

For the year as a whole, net rents, which rose £941,000 to £6.2m in the first half, would continue to increase, reflecting new purchases and rent reviews. Net property investment income—virtually unchanged, at £3.3m—was expected to be in excess of the £6.11m recorded in the previous year.

Good progress continued with the Carnaby Estate in London. The large unit in Carnaby Court had been let to Underwods, the expanding chemists' chain, and interest in other units was being shown by multiple tenants.

After ta charges amounting to £1.53m (£2.27m), earnings per 25p ordinary share fell from 10.3p to 8.2p. The declared interim fell from 4p to 3.5p.

Sir Charles Bell, chairman of Peachey Property.

● comment

Peachey's shift out of residential and into commercial property may be increasing the quality of earnings but in the short term it inhibits profits growth, especially as the financing costs of the spate of recent acquisitions more than swallows the income received. But the City seems to feel that the long term strategy is right, and the hint that this year's profits might marginally top last year's £10.24m helped push the shares up 3p to 323p. At that level, the discount to net assets, at around 15 per cent, is broadly in line with the rest of the sector and there is the prospect of a pick up in commercial trading profits in a year or so. Although there is great respect for Mr John Brown's management, he does run the risk that the more he improves the company, the more tempting it becomes as a bid target and that possibility is likely to support the shares in the medium term.

New Scotland pays £6m for Allstate's UK business

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

New Scotland Insurance Group, a newly formed Scottish-based company, has announced that it is to acquire the UK general insurance interests of the US Allstate Insurance Group.

It is to pay £6m for Allstate Insurance Company Limited (AICL), based at Sale near Manchester, out of the proceeds of a £50m institutional placing which was completed earlier this week and fully subscribed.

AICL is to have a new name —as yet undecided—and a new chief executive, who has been appointed but not yet named.

AICL had gross written premium income of £37m in 1986. It has been making losses since 1983 owing to a policy of over-rapid expansion which took its premium income to £47.5m in that year. Losses have declined after a retrenchment drive.

Allstate Insurance Group, which is based at Northbrook, Illinois, has been gradually withdrawing from general insurance in Europe, though it is retaining control of its London based reinsurance subsidiary, Allstate Reinsurance.

New Scotland Insurance comprises a group of investors put together by Noble & Company, the Edinburgh issuing house, to create a new Scottish entity in the UK insurance market. In recent decades most Scottish general insurance companies—with the notable exception of Perth-based General Accident—have been taken over by English companies. New Scotland Insurance is thought to be the first Scottish insurance holding company to be formed for more than 50 years.

Subscribers to the placing in New Scotland come from London, Glasgow, Edinburgh, Dundee, Exeter, Newcastle, and overseas, and are not predominantly from Scotland.

Throgmorton Dual Trust asset value tops 610p

By Richard Tomkins

Throgmorton Dual Trust, the split-level investment trust formerly known as the Throgmorton Secured Growth Trust, yesterday produced the first set of figures since its reorganisation in November.

It reported a net asset value of 610.1p for each capital share at the end of the six months to January 31, and net revenue attributable to income shareholders of £427,000 (£166,000). The capital shares closed unchanged at 275p, and the income shares put on 2p to close at 81p.

The trust's directors declared an interim dividend of 1.5p a share to income shareholders, and reaffirmed their intention to pay a total of 5p for the year. At yesterday's close, that put the income shares on a gross yield of 8.7 per cent.

At the time of the trust's reconstruction on November 21, the nav of the new capital shares was 546.3p. The 11.6 per cent increase between then and January 31 compares with an increase of 11.3 per cent in the FT-Actuaries All-Share index over the same period.

Throgmorton said that it was pleased with this performance because in the wake of the reorganisation it had been carrying substantial amounts of liquidity against the background of a rapidly rising equity market.

Its reinvestment programme was now virtually complete, Throgmorton said, and the fund was now in a suitable condition to be managed in a normal way.

The trust's reconstruction and rights issue last year became necessary to fund the repayment of capital loan stock issued when the trust was first set up. It aroused controversy among the loan stock holders, but was eventually approved by a substantial majority at an extraordinary meeting.

Wettern doubles to £184,000

Pre-tax profits of **Wettern Brothers**, the Kent-based quarry operator, more than doubled in the year to end-December 1986.

Group turnover was virtually static at £2.26m (£2.25m). After interest payable of £14,000 (£10,000), taxable profit came out sharply higher at 184,000 against £87,000 last time. Tax took an unchanged £12,000. There was an extraordinary debit of £17,000 (£12,000). Stated earnings per share rose to 10.1p (4.3p).

The directors said that current demand for sand and gravel products was encouraging, although the early part of the current year was adversely affected by the exceptional winter conditions in Kent.

Wettern, the subject of a recommended offer from RMC, the building materials group, is not proposing a dividend for the period (1985-1.15p). Shareholders who elect to accept the ordinary share exchange offer will be entitled to receive RMC's final dividend.

BOARD MEETINGS

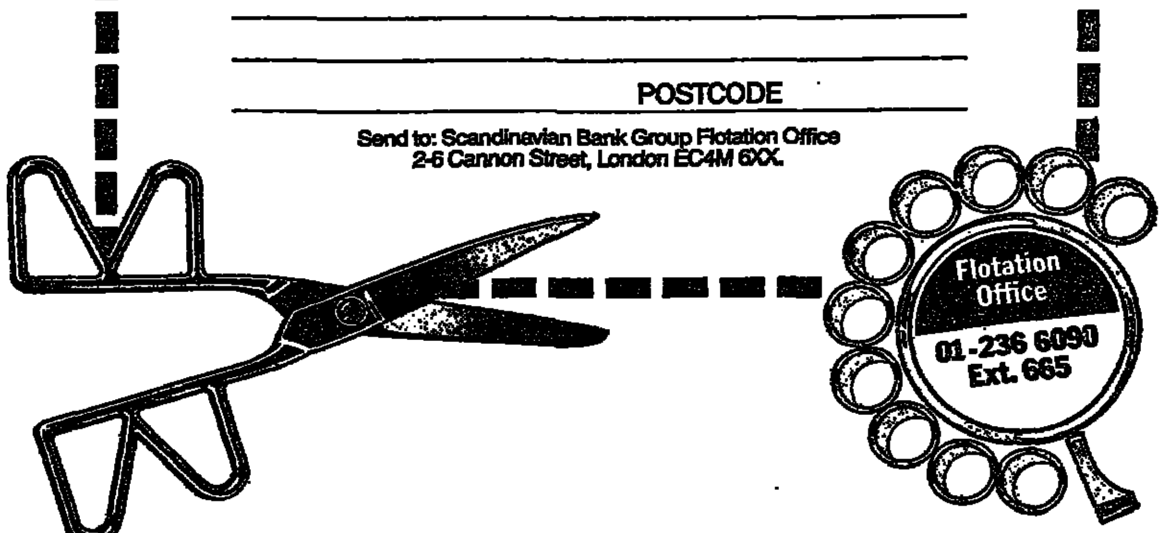
TODAY

Interims: Abingworth, Genbel Investments, Photo-Me International, Polypipe.

Finals: ASEA, British Petroleum, F. and C. Enterprise Trust, Questel, River and Mercantile Trust, Romney Trust, Tribune Investment Trust, Ward Holdings.

FUTURE DATES

Interims—	
Arbuthnot Government Securities Trust	Feb 27
Casket (S.)	Mar 3
Electron House	Feb 25
Finals—	
Electronic Machine	Feb 23
River Plate and General Invest.	Feb 26
Sedgwick	Feb 27
Turner and Newall	Mar 18



GRANVILLE SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E
160	118	Ass. Brit. Ind. Ordinary	160	—	7.3	4.6	9.8
40	28	Armitage and Rhodes	34	—	4.2	12.4	4.8
80	64	BBB Design Group (USM)	79	—	1.4	1.8	16.8
163	121	Ass. Brit. Ind. CULS	163	—	10.0	6.1	—
218	166	Bardon Hill Group	218	—	4.6	2.1	24.8
102	55	Bray Technologies	100	−2	4.3	4.3	11.9
138	75	CCL Group Ordinary	132	—	2.9	2.2	9.4
107	86	CCL Group 11pc Conv. Pf.	99	—	15.7	15.9	—
271	116	Carborundum Ordinary	268	—	9.1	3.4	12.9
93	90	Carborundum 7.5pc Pf.	93	—	10.7	11.5	—
125	75	George Blair	88xd	—	3.8	4.3	2.3
114	57	Ind. Precision Castings	114	—	6.7	5.9	10.2
176	120	Isis Group	120	—	18.3	—	—
124	101	Jackson Group	119	−1	6.1	5.1	8.1
377	290	James Burrough	359	—	17.0	4.7	10.1
100	89	James Burrough 9pc Pf.	91	—	12.9	14.2	—
1035	342	Multihouse NV (AmstSE)	695	—	—	—	36.4
380	260	Record Ridgway Ordinary	351	—	—	—	6.3
100	83	Record Ridgway 10pc Pf.	83	—	14.1	17.0	—
89	67	Robert Jenkins	89	—	—	—	3.9
57	30	Scruttons	57	+1	—	—	—
147	67	Torday and Carlisle	147	+2	5.7	3.9	8.9
340	324	Trevian Holdings	324	—	7.9	2.4	6.7
79	42	Unilock Holdings (SE)	75	—	2.8	3.7	13.8
125	65	Walter Alexander	195	—	17.4	8.9	19.5
200	190	W. S. Yeates	125	—	5.0	4.0	12.0
98	67	West Yorks. Ind. Hosp. (USM)	98	—	5.6	5.7	14.0

Public Works Loan Board rates

Effective February 18

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
1	—	—	10½	—	—	11¼
Over 1, up to 2	10¼	10¼	10¼	11¼	11¼	11
Over 2, up to 3	10¼	10¼	10¼	11¼	11¼	11
Over 3, up to 4	10¼	10¼	10¼	11¼	11¼	11
Over 4, up to 5	10¼	10¼	10¼	11¼	11¼	11
Over 5, up to 6	10¼	10¼	10¼	10¾	10¾	10¾
Over 6, up to 7	10¼	10¼	10¼	10¾	10¾	10¾
Over 7, up to 8	10¼	10¼	10¼	10¾	10¾	10¾
Over 8, up to 9	10¼	10¼	10¼	10¾	10¾	10¾
Over 9, up to 10	10¼	10¼	10¼	10¾	10¾	10¾
Over 10, up to 15	10¼	10¼	10¼	10¾	10¾	10¾
Over 15, up to 25	10¼	10¼	10¼	10¾	10¾	10¾
Over 25	10¼	10	10	10½	10½	10½

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

UK COMPANY NEWS

Glaxo plans share listing in New York and Tokyo

BY TONY JACKSON

GLAXO has announced that its shares are to be listed on the New York and Tokyo stock exchanges. The New York listing is expected by the end of the current financial year in June, Glaxo said. The Tokyo listing will probably come slightly later.

Although the more had been expected by the stock market, Glaxo's shares rose by more than 60p on the news before closing 23p higher at 1413p. In common with other pharmaceutical stocks such as Wellcome, Glaxo's shares have shown particular strength in recent weeks.

Glaxo has been traded in the form of ADRs in New York since the 1950s, but in unsponsored form. The listing, for which the Bank of New York will act as depository bank and Shearson Lehman as advisers, will move trading from the over-the-counter Nasdaq market to the New York Stock Exchange.

US interest in the shares has come only in recent years with the strengthening of Glaxo's position in the US drug market. In June 1982 only 603,000 shares were held as ADRs, but by the end of 1983—the year which saw the US launch of the anti-ulcer drug, Zantac—the figure had risen to 65m. Glaxo said the latest figure was 110m shares, or 14 per cent of the equity.

Investors expect that Glaxo will divulge more about its research pipeline ahead of the listing, beginning with a satellite linked meeting with investors on both sides of the Atlantic next Tuesday, followed by a tour by senior management around major US financial centres.

The Tokyo listing will make Glaxo one of only a handful of British companies quoted in Japan, others being British Telecom, Cable and Wireless, BTR and Barclays. US companies quoted in all three financial centres include SmithKline, Glaxo's biggest competitor in the anti-ulcer market, and Dow, the chemical and pharmaceutical group.

Cyril Smith sells to Ratcliffe

BY NIGEL CLARK

MR CYRIL SMITH, Liberal MP for Rochdale, is selling his Smith Springs (Rochdale) business to F. S. Ratcliffe Industries. The Ratcliffe Springs subsidiary is paying a total of £195,000 cash and Mr Smith will be joining its board.

Smith Springs has annual sales of about £300,000 and at the end of 1986 the assets had a written-down book value of £110,000. The leasehold property is worth about £80,000 in excess of book value.

It is intended to move the Smith business to Ratcliffe's site in Rochdale in the near future and the Smith site will be sold. Mr Jerry Cregan, managing director of Ratcliffe Springs, said the products of the companies were different but used similar technology.

The company said that the acquisition complemented its own high quality production capability in Rochdale and brought in important new contacts, particularly in the lighting industry which had been a significant part of Smith's turnover for 20 years.

Mr Smith holds a 40 per cent stake with the majority of the remaining shares held by his brother Mr Norman Smith.

Mr John Cowen, chairman of Ratcliffe Springs, said Mr Smith's appointment to the board gave added weight to the concept of non-executive directors who are independent and able to make a real contribution.

He added that Mr Smith had once been production controller at Ratcliffe before leaving to set up his own business.

The acquisition is in line with Ratcliffe's policy of rationalising and modernising the fragmented springs industry. In October the company bought the spring-making interest of Automative Products in a £1.3m deal, which doubled its size.

Mr Cregan added that the group was looking at other possible acquisitions in the same area.

Irish Glass strives to hold margins

Despite difficult trading conditions, the half year results at Irish Glass were satisfactory, the directors reported.

As to the rest of the year, it would be unwise to forecast, they said, but in order to at least maintain margins and competitiveness "meaningful unit cost reductions" would be necessary.

In the period ended December 23 1986, turnover came to I£16.93m (I£17.43m) and the pre-tax profit to £502,000 (£496,000).

Sales volumes in glass were maintained, notwithstanding the poor summer, a fall-off in US tourism, and a disappointing home market. The plastic sector fell far short of expectations because of the ailing agribusiness.

Margins were under severe pressure as a result of the weakness of sterling, which gave a substantial advantage to imports.

Earnings came out at 6.01p (6.11p) and the interim dividend is stepped up to 1p net (0.75p) in line with the policy of returning to a more normal dividend level.

James Findlay

James Findlay, an international trader and financier has sold its entire holding of 5.46m shares, amounting to 33 per cent of the issued capital in Wardell Roberts. The price of I£0.85p per share produced surplus of £3.5m over book co[illegible]

The shares have been bought by a wide range of institutions giving Roberts additional institutional backing and co[illegible] tions in the company's pur[illegible] of its development and acq[illegible]tion strategy.

Amari expands steel side through Baigent purchase

BY DAVID THOMAS

AMARI, one of Europe's largest independent stockholders and distributors of metals and plastics, is acquiring most of Baigent and Bird, a private Sheffield-based steel processor, in a shares-and-cash deal worth about £90,000.

Amari says that Baigent and Bird will fit well with Stock Alloys, an international specialist in the stockholding and plasma cutting of stainless steel plate and bar products, which it acquired in December for £3m.

Amari is financing the acquisition by issuing 550,000 new ordinary shares, worth about £756,000, which will represent less than 2 per cent of the enlarged share capital. The remainder will be paid in cash.

Baigent & Bird reported pre-tax profits of £84,000 on sales of almost £3.5m in the year to end-March 1986. It had net assets then of £780,000.

Amari is buying the assets of Baigent & Bird involved in the plasma cutting of stainless steel plate, the sawing of stainless plate and the cutting of large diameter bar.

Mr Jon Pither, Amari managing director, said the acquisition showed the company was continuing to develop the value added areas of its business.

He added: "By combining the strengths of Baigent & Bird, Stock Alloys and its existing plate activities, Amari achieves its aim of becoming market leader in the distribution and processing of stainless steel plate."

Mr Derek Bird, Baigent managing director, is to continue as a consultant to the business after the Amari takeover.

Amari shares fell 5 to 144p.

Waterford sale

Waterford Glass Group has sold Smiths Self Motoring, car leasing company, to Smith Group for an undisclosed sum. Smith is repaying a I£1.9m loan. In November Waterford sold Smith Group, Renalt distributor in the Irish Republic, to Mr Bill Cullen.

IMAGE STORAGE/RETRIEVAL Systems, based in Delaware, has applied for permission to quote shares of its common stock on the Unlisted Securities Market.

CULLINET SOFTWARE has agreed to acquire Distribution Management Systems, a software company based in Lexington, Massachusetts. By means of a prospectus, Cullinet is to offer 1.7m of common stock for DMS stock and options.

Authority Invs rises to £0.45m

Following a period of [illegible]organisation, Authority Invest[illegible]ents, investment holding com[illegible]y, reported interim profits [illegible] by more than five times.

From turnover 62 per cent ahead at £3.01m (£1.87m) in the six months to the end of October 1986, pre-tax profit was £446.000 against £82,000. Earnings per 20p came out at 8.63p (1.59p) but again no dividend is being paid.

Mr David Backhouse, chairman, said the results represented satisfactory progress which should continue into the present half year.

Since the beginning of August, when new management, led by Mr Backhouse, took over, borrowings have fallen by more than £4m from the sale of properties, the banking and property divisions has been reorganised and a 75 per cent stake in Personal Storage Management acquired.

There was again no tax charge, but there was an extraordinary charge of £173,000 (nil), being the cost incurred on the issue of £3m convertible loan stock and the reorganisation of the company's share capital.

Mr Backhouse said that the strategy remained the reduction of gearing and development as an investment banking business.

Brent buys out rival flexographic platemaker

By Janice Warman

Brent Chemicals International, the industrial chemicals producer, has secured 30 per cent of the UK flexographic platemaking market with the £1.42m purchase of Manchester-based Sherwood Flexibles.

Brent's existing Winnetts Graphics subsidiary, bought two years ago, was market leader ahead of Sherwood in the supply of photopolymer and rubber plates to the flexographic printing industry.

Mr Steve Cuthbert, chief executive of Brent, said the amalgamation of the two companies would allow them both to concentrate on research and development.

"Winnetts and Sherwood have pioneered flexographic platemaking—and it's a market which is growing rapidly."

The two companies hope to present further challenges to the rival photogravure method, which is both more expensive and slower, but produces colour in higher quality.

Sherwood is working on a system of photopolymer sleeves and rollers which would enable it to produce wallpapers—an area presently dominated by the photogravure method.

"Our next step is to find a business in flexographic platemaking in Europe," said Mr Cuthbert.

Mr Cliff Forrest, Sherwood's production director, said that the acquisition would be beneficial for the companies and the industry. "We were having to look over our shoulders at what they were doing.

"We were always pushed to find the time to do R and D. Now we can develop new ideas. The future looks tremendous."

Sherwood produced pre-tax profits in the year to November 30 1986 five times higher on 1985's at £250,000, from turnover of £1.27m. Net tangible assets were £271,000.

Brent produced interim pre-tax profits to June 30 1986 of £3.21m, up from £2.61m, on turnover of £27.9m.

Brent paid £1.14m on completion, with cash of £392,000 and the issue of 468,750 ordinary shares. The remaining £280,000 will be paid in two equal interest-free instalments.

The company is looking for further acquisitions, particularly in Europe and the printed circuit board industry.

Two acquisitions by Galliford

Galliford, industrial holding company with construction as its principal activity, has contracted to purchase two companies in exchange for shares.

For an initial £1.9m it is buying the Moore Scott group of brick factors, operating from Norwood, Cheltenham and Cinderford. This will be met by the issue of 1.8m shares in a vendor placing. For the year ended March 31 1986 the group made a pre-tax profit of £237,000; net assets were £853,000.

Depending on profits for the 15 months ending June 30 1987 there will be a deferred consideration to be satisfied in shares.

The other company being acquired is CE-AR-TE Tiles, which supplies and fits all types of carpets from premises in Coventry. Consideration will be the issue of 725,000 shares which will be retained by the vendors.

In the year ended June 30 1986 CRT incurred a loss of £1,000 after charging special and non-recurring fees and retirement payments in favour of the vendors amounting to £139,0. Net assets were £146,000.

Trust of Property

The net asset value of Trust of Property Shares rose 88 per cent to 80.66p per share in the year to end-December 1986, reflecting the strong performance of the group's portfolio which includes most leading UK property companies.

The single dividend is increased to 0.5833p (0.5p).

Gross income rose from £54,376 to £58,186. After expenses and interest payable of £8,423 (£8,304), taxable revenues increased to £49,763 (£46,072). Tax took £14,569 (£14,369) and earnings per share came out at 0.587p

Bid target Arncliffe returns to the black

A CONTINUING policy of reducing stakes and borrowings, and the successful introduction of a new range of more saleable and profitable dwellings, enabled Arncliffe Holdings, property developer and building contractor, to turn a £275,000 loss into profit of £252,000 in the year to October 31 1986.

Govett Strategic Investment Trust, the former Border and Investment Trust managed by Mr John Govett, last week made a £3.75m cash offer for Arncliffe.

Mr Manny Cussins, a former chairman of Arncliffe, and his family had earlier sold their 25.65 per cent stake in the company to Govett. Mr Frank Kershaw, a Sheffield solicitor and acquaintance of Mr Cussins, also sold his holdings of 351,500 (7.03 per cent) to Govett.

Yesterday Mr Cussins resigned as a director of Arncliffe on the grounds of health.

Arncliffe directors said that the company had made a very satisfactory turnround. It had recovered from the most difficult period in its history and had established a firm base for a successful future.

Stakes had been cut by more than £1m, and the stock of part exchange properties had been reduced from £695,000 to £340,000. Borrowings were down by almost £1.2m.

There was no present liability to pay mainstream corporation tax (nil), but advance corporation tax of £32,676 (£2,042) had been written off. Operating profit moved ahead from £87,000 to £484,000, while net assets per share rose to 66.1p (61.1p).

The company had made a substantial investment in four housing sites, at three of which it had already started construction. It was currently building on 14 sites, two were for sheltered retirement apartments which would contribute to profit during the current year. It had achieved advanced sales on many of its sites.

Arncliffe was in the process of acquiring further sites, some of which should also contribute to profit this year. It was also actively investigating expansion from its main areas of activity in Yorkshire, Humberside, Lincolnshire, Derbyshire and Lancashire into other parts of the country.

The directors added that Arncliffe was trying to diversify out of its housebuilding activities into commercial developments. This followed the successful development and letting of the remaining parts of its head office complex. It had already started building a further 5,000 sq ft of office accommodation on the site and was currently investigating other potential commercial projects.

After payment of the advanced corporation tax, earnings per share emerged at 4.4p (5.6p loss). The proposed final dividend totalled 1.6p (0.1p) making a sum of 1.6p (0.1p) for the year.

Macarthy buys healthfood retailer Lifecycle for £1

BY JANICE WARMAN

MR NICHOLAS WARD, a former Guinness executive who last year took the chair in a management shake-up at Macarthy, the wholesale and retail chemist, has beaten his own personal deadline by making his first acquisition within a year — for the nominal sum of £1.

Macarthy has bought the 28 shops and five franchises of the loss-making healthfood retailer, Lifecycle, which was set up under a Business Expansion Scheme in 1984. It is Macarthy's first acquisition in nine years.

Lifecycle has been trading at a loss, with its unaudited accounts showing an estimated turnover for the year to January 31, 1987 of £4.3m. But Mr Ward believes that it will benefit from integration within Macarthy's retail division and the subsequent drop in overheads.

Macarthy produced pre-tax profits for the 17 months to September 30 of £6.06m, compared with £4.06m for the previous 12 months.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div	Total for year	Total last year
American Electrnc int.	0.35‡	Apr 13	0.35	—	0.88
Arncliffe Hldgs	1.6	—	0.1	1.6	0.1
Anglo-American Secs. .	5.5	Apr 21	4.7	7	6.2
Peachey Property ...int	4	Apr 27	3.5	—	9
Irish Glass ....int	1	—	0.75	—	2.25
Throgmorton Dl Tst int	1.5†	—	1	—¶	4.25
Trust of Property Shrs	0.58	Apr 7	0.5	0.58	0.5

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. ¶Final dividend of 3.5p forecast.

UK COMPANY NEWS

Wilson Bowden set for debut

BY RICHARD TOMKINS

Wilson Bowden, the house-building and property deveopment group, has issued a pathfinder prospectus for an offer for sale which will bring it to the stock market next month at a value of £70m to £85m.

The company is the Leicester-based parent of David Wilson Homes, one of Britain's largest privately-owned housebuilders, and Wilson Bowden Properties, a developer involved mainly in business park schemes and high street retail property.

The largest part of the business is the housebuilding side, which now accounts for nearly 80 per cent of group operating profits. It has spread from its Leicester base to cover 14 counties in the East Midlands, South Midlands, and the south.

This part of the business is continuing to expand geographically but the directors say they do not intend to become involved in the south-east because land prices there are unduly high.

Wilson Bowden Properties, the development side, operates throughout much of England from its head office in Leicester and other bases in Portsmouth and Brentwood. Its biggest scheme so far has been at Meridian Business Park near Leicester, where it has developed 40 per cent of the 72-acre site.

The pathfinder shows overall pre-tax profits for the group rising from £3.5m to £8.3m over the five years to last December, on turnover up from £24.1m to £65m. There is no forecast for the current year but indications are said to be encouraging.

The offer for sale will be sponsored by Schroders with James Capel as stockbroker.

First half surge at American Electronic

AN UPSURGE in half-way profits from £835,000 to £1.5m has been achieved by American Electronic Components, the USM-quoted maker of switch and relay mechanisms. Turnover trebled to £10.93m.

Results covered the six months to end December 1986 and included recent acquisitions Electromation and Alliance Plastics for the full period and Leader Wire from November.

The company's manufacturing activities are carried out through subsidiaries in the US. It also has investments in the oil and gas industry there.

The directors stated that Leader Wire, which made electrical wire harnesses for the automobile and medical industries, would take over much of the wire work being processed by Dürakool and Electromation, resulting in significant cost reductions.

With the US automobile industry moving away from manufacturing and more towards assembly, there was opportunity for the group to evolve as a sub-assembly supplier with greater value added per sales dollar, they said.

The recently-formed automotive products group, with direct sales offices in Detroit, had generated several new product programmes which would materialise in sales for the years 1988 to 1990.

They reported that each product division enjoyed a strong order book and the company was beginning to see the benefit of the increased marketing expenditure.

After tax £184,000 (£33,000) earnings for the half year came to 1.2p (0.73p). They were again depressed by the decline in the value of the dollar against sterling. The interim dividend is held at 0.35p net.

A.-American Secs.

With earnings rising from 6.53p to 8.4p per share, Anglo-American Securities Corporation is lifting its dividend from 6.2p to 7p net for 1986. The final is 5.5p.

Net asset value was shown to be 508.6p, up from 496.3p at September and from 385p at the end of 1985.

Franked investment income rose by £1m to £4.83m, while unfranked slipped a little to £2.82m (£3m). Net interest payable was cut to £273,000 (£908,000).

Hobsons Publishing flotation worth £5.5m

By Richard Tomkins

Hobsons Publishing, a leading specialist in educational publishing, is coming to the stock market through a placing which will give it a market capitalisation of £5.5m. Rowe and Pitman is placing 890,000 shares, or 40 per cent of the enlarged equity, at 250p a share.

The company has three divisions which contribute roughly equally to turnover. One produces textbooks and guides for students, another publishes trade directories, and the third offers a publishing consultancy service to clients who want to communicate with students or other specific groups.

Hobsons says that because of the rapid pace of economic and technical change in the UK over the last few years, a gap has arisen between the requirements of industry and the skills produced by the country's educational and training system. Its products are aimed at bridging this gap.

Pre-tax profits have risen from £11,000 in 1982 to £507,000 in the year to last December on turnover up from £1.5m to £3.7m. There is no profits forecast, so the shares are being sold on an historic price/earnings ratio of 16 times after an actual 38.5 per cent tax charge.

The company says a listing will enhance its status and give it more flexibility for financing future acquisitions. Of the shares being sold, 690,000 will come from existing shareholders — nearly 440,000 of them from Mr Adrian Bridgewater, the 50-year-old chairman and managing director, who will therefore receive £1.1m from the flotation.

Yearlings £2.25m

Yearling bonds totalling £2.25m at 10 11/16 per cent, redeemable on February 24 1988, have been issued by the following local authorities: Cardiff (City of) £1m; Greater Manchester Passenger Transport Executive £0.5m; Northavon District Council £0.25m; Derwentside District Council £0.5m.

APPOINTMENTS

Executive posts at NatWest

Mr John Tugwell has been appointed general manager of NATIONAL WESTMINSTER BANK'S business development division, succeeding Mr Terry Green, who becomes a deputy group chief executive from July 1. Mr Tugwell has been president and regional general manager, North America, based in New York, since 1984. Other senior appointments are: Mr Malcolm Fall to be deputy general manager of international banking division; Mr Ian Farnsworth, senior international executive, UK finance and marketing, will succeed Mr Fall as assistant general manager, international banking division. Mr Frank Leeson, speaker of the management board, Deutsche Westminster Bank, becomes president and regional general manager, North America.

★

Mr Norman Parker, group managing director of HENDERSON, has been advised on medical grounds that he should relinquish his responsibilities and has resigned. Mr Tom Dodd and Mr Angus Clark have been appointed joint managing directors, both retaining their divisional responsibilities. Mr Dodd will also be responsible for the management of the security division.

★

Mr Eric Varley has been appointed a regional director of the North & East Midlands regional board of LLOYDS BANK. He is executive chairman of the Coalite Group.

★

BRIDON has appointed Mr A. C. Boydell as company secretary. He was secretary of Freshbake Foods Group, and replaces Mr P. C. Ambrose, who has retired through ill health.

★

Mr Jean Adant, a director of Kredietbank SA Luxembourgeoise and of Brown Shipley Holdings, has been appointed to the board of BROWN SHIPLEY INSURANCE GROUP MANAGEMENT. Mr David Wills has been appointed a director of Brown, Shipley and Co and managing director of Brown Shipley Developments.

★

AUSTRALIA AND NEW ZEALAND BANKING GROUP has appointed Mr David B. Valentine to the newly formed post of executive director private banking, with responsibility for the development of global private banking. He was executive director Europe with responsibility for the group's business in continental Europe. Mr Roland Isherwood becomes general manager UK and Europe with responsibility for the group's business in Europe including offices in France, Germany, Switzerland, Greece, Italy and Spain in addition to his responsibility for the group's business in the UK.

★

DEWE ROGERSON has appointed Mr Michael Henman and Ms Cathy Walker as directors of Dewe Rogerson Ltd Mr Maurice Colton and Mr Michael Walsh have been appointed directors of the holding company. Mr Colton has been with Dewe Rogerson since 1978 and is director in charge of the investor and corporate relations division. Mr Walsh, finance director, joined in 1973.

★

Mr John A. Bennett has been appointed branch manager of SAUDI AMERICAN BANK in London. He has been the bank's London representative for the past three years. Other senior appointments include: Mr Martin R. Morris, treasurer; Mr Eric Dorrington, senior operations officer; and Mr Stephen Dabner, financial controller.

★

RUSH & TOMPKINS GROUP has made appointments to the board of its UK construction subsidiary. Chairman of the new board is Mr Rob Nickalls with Mr Andy Costelloe as deputy chairman. The other board members are local directors Mr Peter Coleman, Mr Eric Goldie, Mr Jim Harker, Mr Ken Patton, Mr Mike Snasdell and Mr David Watson. Mr Nickalls and Mr Costelloe are also group board directors and Mr Snasdell is the group secretary.

Chairman of B. Elliott

Mr Michael Frye will succeed Mr Mark Russell as non-executive chairman of B. ELLIOTT on April 1. Mr Frye, a director since 1974, is the son of Mr Russell's predecessor, Mr Jack Frye, and the grandson of the founder of the company. He is chairman of Rotaflex. Mr Russell will remain as a consultant to the company and as chairman of the group's pension trustee company.

★

Mr Justin M. Whitehorn has been appointed group finance director of CLARES EQUIPMENT. He has held several posts with the Wilkinson Sword Group including finance director UK shaving, and group treasurer.

★

Mr Graham Williams has been appointed an associate partner of PROJECT MANAGEMENT INTERNATIONAL. He is project manager on the Brighton Hotel and Civic Offices Development, which includes offices, shops, car park, a civic square and the new five star Ramada Renaissance Hotel—due to open in September.

★

HARRISON INDUSTRIES has appointed Mr Jean - Claude Canari as a director. He has been with the French subsidiary for nearly ten years.

★

WALTER LAWRENCE PROJECT MANAGEMENT has appointed Mr Tim Linton as a director. He joins from Bayer UK. and will be concentrating on increasing Walter Lawrence's presence in the pharmaceutical and chemical construction market.

★

Mr Robin Copland has been appointed director of sales and marketing at the OLD COURSE GOLF AND COUNTRY CLUB, St Andrews. He was with Caledonian Hotel Edinburgh as director of sales.

★

Mr Bob Goodall has joined INCHCAPE as group personnel director. He was with Merck Inc, in New Jersey where he was director of human resource planning and development.

★

HARRIS QUEENSWAY has appointed Mr Hugh Parker as a non-executive director. He was managing director of McKinsey & Co, in the UK and holds a number of other directorships.

★

NRG LONDON REINSURANCE CO, a company in the Netherlands Reinsurance Group, has appointed to the board Professor Leslie Hannah, director of the business unit of the London School of Economics and visiting professor of Harvard Business School. Mr Jean-Jacques Debrot, previously general manager of NRG Antillean Reinsurance Company, has been appointed assistant general manager.

★

Mrs C. P. Kuan has been appointed to the boards of MAYFLOWER HOLDINGS and MAYFLOWER GROUP.

★

LAPORTE INDUSTRIES (HOLDINGS) has appointed Mr George Duncan as a non-executive director. He is a director of a number of companies including Lloyds Bank and BET.

★

Mr Dennis W. Allen has been appointed to the board of JOHN BROWN at the finance director of the John Brown division of Trafalgar House Construction Holdings. He was finance director of Thorn EMI Ferguson.

★

Mr Frank Hayes and Mr Crispin Barker has been appointed directors of NMC INVESTMENTS. Mr Hayes is former chairman of Bowater Packing. Mr Barker is former chairman of the Barker Group which NMC acquired last year.

★

BRITISH SYPHON INDUSTRIES has appointed Mr Hugh Hayes as divisional managing director, responsible for BSI's smaller businesses division—manufacturing. He was managing director of Oldham Batteries, a subsidiary of Hawker Siddeley Group. Mr David Turner has been appointed company secretary of BTI and its subsidiaries. He was deputy company secretary of Rugby Portland Cement, and will take over from Mr Tony Statham, who has been undertaking these additional duties since his appointment as group finance director last year.

★

Mr Geoffrey R. Warren has been appointed group head—new products, at R. P. MARTIN, with responsibility for the strategic management and deevlopment of the group's off-balance sheet activities in the UK and overseas. He joins from Midland Bank group treasury where he was head of the financial engineering group.

CONTRACTS

Battery plant in Bulgaria

CHLORIDE has been awarded a £5.92m contract to supply battery making plant and equipment to Balkancar of Bulgaria. The equipment will be an essential part of the modernisation of Balkancar's fork lift truck battery factories at Pazardgik and Targoviste. The contract was won by the Interantional Projects Division of Chloride Technical, a UK subsidiary of Chloride Group.

★

NOBLE & LUND, the Gateshead based manufacturers of specialist heavy machine tools, has been awarded a £3.7m contract with an agency of the Egyptian Government. The contract involves the construction of two of the largest computer controlled machining centres in the world. Each is 56 ft in length and they will both be entirely contracted at the Gateshead works. As a result of this order, 30 new jobs will be created.

★

NEI POWER PROJECTS has been awarded contracts worth nearly £5m for the supply of a 50 tonne/hour coal-fired boiler and associated fuel handling plant for installation at the British Sugar Corporation's Cantley factory, near Norwich. The contracts have been awarded on a part turnkey basis and include demolition of existing plant, full civil works, construction and engineering design of the electrical distribution system associated with the new boiler and a 13 MW turbine generator. The boiler will be equipped with an L-type travelling grate stoker manufactured by NEI International Combustion at Derby. The duration of the project is about 19 months.

★

A container glass furnace is to be rebuilt by KING, TAUDEVIN & GREGSON to higher efficiency specifications. Under the £2.3m contract KTG will reconstruct and enlarge an end-fired regenera-tive furnace at the Wigan plant of CWS. The key to its efficiency is a new double pass regenerator, with high efficiency packings, which is expected to reduce the furnace's overall fuel consumption by 18 per cent. The independent secondary regenerator, with ejector stack, replaces the existing chimney. KTG is also responsible for management of civil works, supply of all materials and equipment, and complete installation and commissioning. Work on site will take three months starting in April.

★

OCEAN TRANSPORT & TRADING has won a five-year distribution contract with J. Sainsbury. Ocean's subsidiary, McGregor Cory Warehousing (MCW), will distribute a wide range of groceries and perishable goods to Sainsbury supermarkets in the East Midlands from a 250,000 sq ft warehouse incorporating four levels of temperature control. The deal will involve a £9m capital commitment to warehousing premises, vehicles and equipment.

★

MATTHEW HALL ENGINEERING (SOUTHAMPTON) has been awarded a contract, valued at about £3m for engineering design, procurement and construction management services associated with the modernisation of the BP Oil Hamble terminal. The project provides for seven bottom loading gantries with associated pumps, pipework, Derv filling units, vehicle washing facilities and bulk additive systems. The work also incorporates sophisticated microprocessor control and modifications to site entrance and roadways. Completion is planned for the third quarter of 1987.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem-ployed	Vacs.
1985							
3rd qtr.	108.3	103.9	104	116.1	145.2	3,124	164.4
4th qtr.	108.4	103.6	106	116.7	177.7	3,122	168.2
1986							
1st qtr.	109.1	102.8	105	118.2	145.4	3,171	166.5
2nd qtr.	109.3	103.5	105	120.0	152.7	3,208	175.6
3rd qtr.	110.6	104.6	107	122.1	157.4	3,212	200.2
4th qtr.	109.6	105.6		124.8	182.5	3,143	213.0
June	107.7	103.4	108	121.7	155.4	3,220	184.4
July	110.2	104.5	103	120.9	158.2	3,223	193.2
August	111.1	104.2	103	122.0	155.2	3,219	201.1
September	110.5	105.0	113	123.2	158.7	3,193	206.4
October	109.7	105.1	106	123.2	164.7	3,166	212.8
November	109.7	105.6		126.4	182.1	3,145	215.2
December	109.0	106.0		125.0	223.2	3,119	210.0
1987							
January				121.7		3,119	210.3

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Cnsmer. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1985							
3rd qtr.	104.3	102.5	113.1	103.6	116.2	103.2	17.3
4th qtr.	103.7	102.7	113.5	103.2	114.0	102.4	15.6
1986							
1st qtr.	103.0	101.4	115.4	101.4	110.3	102.6	14.2
2nd qtr.	104.4	100.6	115.5	102.0	110.6	103.4	19.8
3rd qtr.	105.7	101.2	117.2	103.1	107.7	102.0	18.9
4th qtr.	107.1	101.1	114.5	103.9	116.1	102.8	15.2
June	104.4	100.2	112.6	101.0	111.0	104.0	21.5
July	105.4	101.3	116.5	103.0	109.0	101.0	20.8
August	105.8	100.3	118.5	102.0	107.0	103.0	16.6
September	105.9	101.9	116.7	104.0	107.0	102.0	19.4
October	106.1	101.2	115.4	103.0	112.0	102.0	20.5
November	108.1	100.8	114.7	104.0	117.0	104.0	15.4
December	107.0	101.3	113.5	105.0	119.0	102.0	9.7

EXTERNAL TRADE—Indices of export and import volume (1980=100); viable balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn*
1985							
3rd qtr.	116.3	124.1	−440	+1,445	+1,900	100.2	14.18
4th qtr.	118.9	127.9	−292	+694	+1,893	101.6	15.54
1986							
1st qtr.	116.9	125.7	−1,437	+549	+1,829	101.0	18.75
2nd qtr.	121.8	128.6	−1,579	+275	+750	102.5	19.29
3rd qtr.	123.3	139.1	−3,034	−781	+688	103.3	20.14
4th qtr.	129.6	143.3	−2,629	−229	+778	101.3	21.97
July	126.3	134.9	−636	+115	+240	103.3	19.68
August	117.0	142.9	−1,514	−763	+180	104.0	18.93
September	128.5	139.5	−885	−134	+268	102.5	22.43
October	125.3	140.6	−835	− 35	+184	102.2	21.99
November	131.5	146.8	−1,032	−232	+334	101.3	22.01
December	132.0	142.4	−763	+ 38	+259	100.5	21.92
1987							
January							21.95

FINANCIAL—Money supply M0, M1 and sterling M3, (three months' growth at annual rate) bank sterling lending to private sector; building societies' net inflow; HP†, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	HP lending† £m	Base rate %
1985							
4th qtr.	2.9	17.0	12.9	+5,378	2,299	3,436	11.50
1986							
1st qtr.	4.1	21.4	19.3	+6,293	2,229	7,375	11.50
2nd qtr.	3.1	26.1	27.4	+6,450	1,433	7,739	10.00
3rd qtr.	5.9	30.7	15.6	+6,838	168	8,223	10.00
4th qtr.	7.6	14.2	13.6	+10,144	2,814	8,201	11.00
June	3.9	28.7	21.5	+3,001	177	2,613	10.00
July	5.4	35.6	20.9	+3,279	397	2,685	10.00
August	5.7	22.6	8.5	+2,715	452	2,668	10.00
September	6.6	34.4	17.7	+844	−671	2,870	10.00
October	6.3	18.5	14.1	+3,549	1,951	2,759	11.00
November	6.4	27.5	18.4	+3,910	160	2,635	11.00
December	11.1	−1.2	8.5	+2,685	703	2,807	11.00
1987							
January							11.00

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1974=100); Reuters commodity index (Sept 1931=100); trade weighted value of sterling (1975=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	Reuters* cmdty.	Sterling
1985							
4th qtr.	176.9	132.6	141.4	378.1	337.4	1,771	79.8
1986							
1st qtr.	179.1	132.4	143.4	380.8	343.3	1,813	75.1
2nd qtr.	184.0	125.8	145.7	385.7	349.5	1,458	76.1
3rd qtr.	187.4	120.8	146.3	386.1	348.1	1,544	71.9
4th qtr.	191.0	127.3	147.4	391.0	348.3	1,637	68.2
July	187.9	119.8	146.0	384.7	347.4	1,460	74.0
August	187.2	120.3	146.3	385.9	348.6	1,461	71.4
September	186.8	122.4	146.7	387.8	348.3	1,544	70.4
October	188.3	124.3	147.0	388.4	347.6	1,600	67.8
November	191.2	127.5	147.4	391.7	347.5	1,617	68.5
December	193.4	130.2	147.9	393.0	349.8	1,637	68.4
1987							
January		131.5	148.9	394.5	354.0	1,604	68.8

* Not seasonally adjusted.

† From January 1986 includes amounts outstanding on credit cards.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

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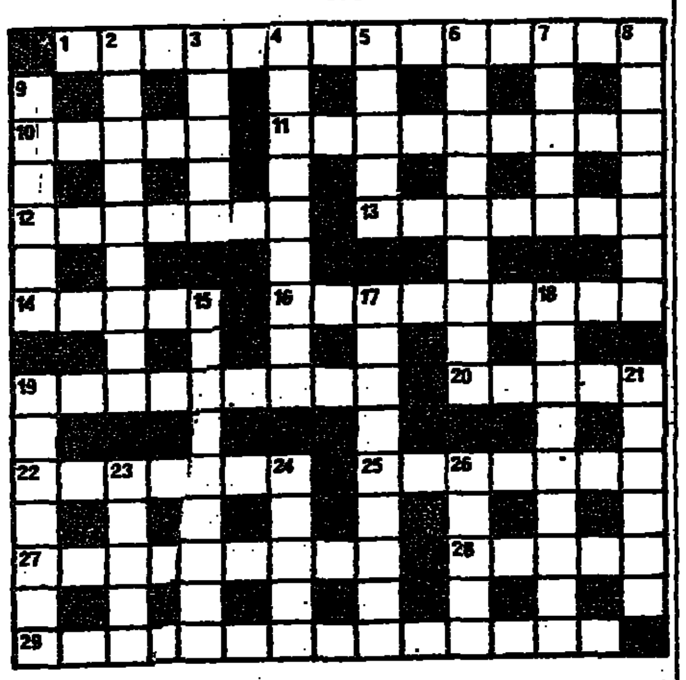
INSURANCES

[illegible]

FT CROSSWORD PUZZLE No. 6,257

PROTEUS



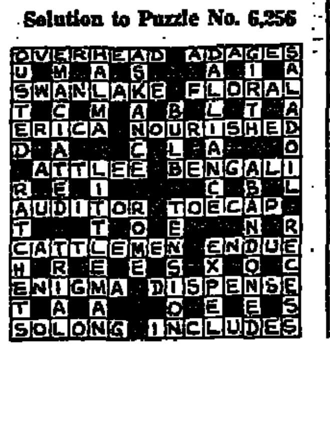
ACROSS

1 Battle takes place outside a stately home (8, 6)
10 Singer's airport (5)
11 Welshman and model in row concerning the Eastern Mediterranean (9)
12 Go back to find right way out (7)
13 Pause, soldier has second thoughts about tie-break (7)
14 Keep quiet and copy fashion (5)
16 Opposed to being rude about bankrupt (9)
19 Mistake concerning visual range (9)
20 Dane backwards round ring with boorish lout (5)
22 Wandering deserter captured by boy (7)
25 Lumberjack planting forest on island (7)
27 Bring in worker of some consequence (9)
28 Bird seen for example thrice over (5)
29 Author must get stamp of approval here perhaps (10, 4)

DOWN

2 Light and serious aspects of German count (9)
3 Foreigner venturing to display cool courage (5)
4 Lie-shooting by pop singer on joining forces (9)
5 One who proposes to put doctor over clergyman (5)
6 Popular target of female relative on excursion (4, 5)
7 A liberal one prosecution lawyers try to break (5)
8 First principle of proper medium (7)
9 Begins to have fits (6)
15 Hire purchase no problem for schoolboy (4, 5)
17 Adjust timepiece and institute surveillance (3, 1, 5)
18 Short-lived record leading to real trouble on border (9)
19 Beginning of breach (7)
21 Trembling senator losing head on being decorated (6)
23 Drive off some rare pelicans (5)
24 Outer covering on one animal (5)
26 Love to live with a head-hunter and practise witchcraft? (5)

Solution to Puzzle No. 6,256



AUTHORISED UNIT TRUST & INSURANCES

هكذا من الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$18.14	+0.09	—
Dynamic Grth Fd	$20.91	+0.04	—

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268

Zero Bond Fund	$12.42	13.13	−0.03	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
Charities Aid Fndtn Money Mngmt Co Ltd				
Staple Hall, Stone Ct, Houndsditch, EC3 01-283 6461				
CAFCASH Call Fund	10.51	7.86	11.53	3-mth
CAFCASH 7-day Fund	10.53	7.87	11.55	3-mth
The Charities Deposit Fund				
2 Fore Street, London EC2Y 5AQ 01-588 1815				
Deposit	10.75		11.19	3-Mth
The Money Market Trust				
63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fund	10.60	7.92	11.52	6mth
7-day Fnd	10.64	7.96	11.48	6mth
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	10.76	8.04	11.55	6-Mth
7-day Fund	10.71	8.01	11.51	6-Mth
Dollar	5.19	3.88	5.56	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc				
22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Chr Acc	10.25	7.50	10.66	Qtr
Aitken Hume				
30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	10.25	7.66	11.10	Qtr
MnIntChq £1000-£5000	10.00	7.49	10.90	Mth
Mtn. Int. Chq. £5,000+	10.25	7.66	11.18	Mth
Allied Arab Bank Ltd				
97-101 Cannon St, London, EC4N 5AD 01-626 2046.				
HICA, HICMA	11.25	8.41	12.31	Mth
Bank of Scotland				
38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc.	10.25	7.66	11.18	Mth
Barclays Prime Account				
PO Box 125, Northampton 0604 252891				
High Int. Cheque	10.00	7.50	10.86	Qtr
Benchmark Trust Ltd				
9 Henrietta Place, W1M 9AG. 01-631 3313				
Cap Chq Deposit Acc	10.25	7.66	11.16	Mth
Brown Shipley & Co Ltd				
Founders Court, Lothbury, London EC2R 7HE 01-606 9833				
Demand Acc	10.50	7.85	11.38	Qtr.
Charterhouse Bank Limited				
1 Paternoster Row, EC4M 7DH. 01-248 4000				
Sterling	10.375	7.76	11.32	Mth
U.S. Dollar	5.625	4.20	6.04	Mth
German Marks	3.50	2.62	3.73	Mth
Swiss francs	2.50	1.87	2.66	Mth
Japanese Yen	3.50	2.62	3.73	Mth
Citibank Savings				
St Martins Hse, Hammersmith Grove 01-581 1422				
Money Market Plus	Top rate	7.65	11.17	Mth
For other rates please 'phone our Rateline 01-581 0629				
Co-operative Bank Cheque & Save				
78-80 Cornhill EC3 01-626 6543				
£500-£2,500	7.38	5.50	7.92	Qtr
£2,500 +	10.38	7.75	11.24	Qtr
Dartington & Co Ltd				
Dartington, Totnes, Devon TQ9 6JE 0803 862271				
Money Mkt Acc.	10.625	7.94	11.58	Qtr
Henderson/Bank of Scotland				
38 Threadneedle St, EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	10.25	7.66	11.18	Mth
Legal & General (Money Mngrs) Ltd				
355 Euston Road, NW1 3AG 01-388 3211				
High Int Dep Acc	10.57	7.90	11.33	6-mth
Lloyds Bank PLC				
71 Lombard St, London EC3P 3BS 01-626 1500				
HighIntCheque Account	10.00	7.70	11.16	Qtr
M & G/Kleinwort Benson				
M & G Hse., Victoria Rd., Chelmsford 0245 266266				
H.I.C.A. (£2,500+)	10.12	7.56	11.03	Daily
Midland Bank plc				
PO Box 2, Sheffield. 0742 528655				
High Int Chq Acc	9.97	7.45	10.79	Qtr
£10,000 +	10.30	7.70	11.16	Qtr
M.I.M. Britannia Ltd				
74-78 Finsbury Pavement, EC2A 1JD 01-588 2777				
Cater Allen	10.25	7.66	11.1786	—
NatWest Special Reserve Account				
41 Lothbury, London, EC2P 2BP 01-256 9953				
£2,000 to £9,999	10.25	7.625	11.05	Qtr
£10,000 and above	10.375	7.75	11.24	Qtr
Oppenheimer Money Mgmnt Ltd				
66 Cannon St, EC4N 6AE 01-236 1425				
Money Mngt. Acc.	10.625	7.94	-	3-Mth
Phillips & Drew Trust Ltd				
120 Moorgate, London EC2M 6XP 01-628 9771				
High Int Chq Acc	10.625	7.94	11.53	Qtr
Provincial Trust				
30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
High Int Chq Acc	11.00	8.22	12.00	Mth
Royal Bank of Scotland plc				
42 St Andrew Sq, Edinburgh EH2 2YE. 031-557 0201				
Premium Account	10.37	7.75	11.24	Qtr
Save & Prosper/Robert Fleming				
28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	10.03	7.50	10.97	Daily
Tyndall & Co				
29-33 Princess Victoria St, Bristol 0272 732241				
Demand Acc	10.68	7.98	11.59	Qtr
Money Acc	10.53	7.87	11.42	Qtr
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth 0705 827733				
Special Acc	9.75	7.29	10.61	Mth
Over £10,000	10.00	7.48	10.90	Mth
Western Trust & Savings Limited				
The Moneycentre, Plymouth PL1 1SE 0752 224141				
High Int Chq Acc	11.00	8.22	11.94	Qtr
Wimbledon & South West Finance Co Ltd				
114 Newgate St, London EC1A 7AE. 01-606 9485				
High Int Cheque Acc	11.25	8.41	12.23	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◊ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	27	NEI	8
Amstrad	15	Nat West Bk	48
BAT	35	P & O Dfd	45
BOC Grp	28	Plessey	16
BSR	11	Polly Peck	16
BTR	26	Racal Elect.	15
Babcock	16	RHM	24
Barclays	42	Rank Org Ord	45
Beecham	40	Reed Intnl	25
Blue Circle	55	STC	13
Boots	22	Sears	12
Bowaters	32	TI	40
Brit Aerospace	42	TSB	8
Brit. Telecom	17	Tesco	36
Burton Ord	26	Thorn EMI	42
Cadburys	17	Trust Houses	15
Charter Cons	24	Turner Newall	18
Comm Union	28	Unilever	140
Courtaulds	26	Vickers	36
FNFC	17	Wellcome	17
Gen Accident	75	**Property**	
Gen Electric	15	Brit Land	16
Glaxo	85	Land Securities	30
Grand Met	40	MEPC	32
GUS 'A'	85	Peachey	24
Guardian	75	**Oils**	
GKN	24	BOM	3½
Hanson Tst.	18	Brit Petroleum	50
Hawker Sidd	42	Burmah Oil	32
ICI	75	Charterhall	4
Jaguar	42	Premier	3½
Ladbroke	32	Shell	65
Legal & Gen	20	Tricentrol	8
Lex Service	32	Ultramar	17
Lloyds Bank	38	**Mines**	
Lucas Inds	46	Cons Gold	62
Marks & Spencer	18	Lonrho	22
Midland Bk	48	Rio T Zinc	62
Morgan Grenfell	26		

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Stephan Wagstyl on the plight of iron ore miners

Producers seek customers' mercy as demand plunges

LONG BEFORE the giant Carajas iron ore mine in northern Brazil started up a year ago, there were dire warnings that the market could not support the weight of material it would produce.

The forecasters could not have anticipated how soon they would be proved right. The first shipments from Carajas have coincided with a sudden and shockingly large fall in demand from the Japanese steel industry, the world's largest iron ore importer.

As a result this year's annual price negotiations between Japanese steel companies and their suppliers have turned out to be the toughest for many years. They are going so badly that the producers have been driven to send joint appeals to their customers in Japan, and in the EEC, for talks about the industry's future.

A measure of the seriousness of the miners' position is that one of the five signatories of their appeal letters is Mr Raymundo Mascarenhas, president of CVRD, the Brazilian state-owned company which owns Carajas. The others are the chief executives of BHP Iron Ore and Hamersley Iron, Australia's leading producers, LKAB of Sweden and MBR, Brazil's number two producer.

"We . . . are extremely concerned about the outlook facing the world iron ore and steel industries," say the five. They talk of a potential "fundamental destabilisation of the world iron ore industry" and the "jeopardising of a spirit of mutual trust

The miners and their customers negotiate contracts separately, often in great secrecy. But prices agreed with the Japanese steelmakers, who account for 35 per cent of world imports, tend to set the pattern for other countries. The Japanese have secured prices cuts in three out of the last four years.

The rise of the yen against the US dollar has brought the market to breaking point by hitting Japanese steel exports and forcing closures. Japanese steel output fell 6.7 per cent last year and is forecast to fall by about the same again this year. Mr Yutaka Takeda, president of the Japan Iron and Steel Federation, said recently that the "severe business climate" was likely to continue.

Mr John Ralph, chief executive of the CRA, the Australian group which owns Hamersley Iron, says: "The negotiations this year are obviously more critical (than in previous years). The Japanese steel industry predicts losses of Y180bn for the year to April."

As a result, the Japanese steelmakers are said to be demanding a price cut of perhaps 10 per cent in US dollars. The producers, arguing that the depreciation of the dollar over the past 18 months automatically reduces their returns, are desperately trying to hold prices unchanged. Sydney stockbroker Potts West Trumbull believes a 5.5 per cent cut is on the way.

Mr John Ralph . . . price negotiations "critical."

RAW STEEL PRODUCTION
(million tonnes)

	1986	Change from 1985 %
Western world		
Japan	98.3	−3.6
US	73.8	−7.9
W. Germany	37.1	−8.4
Italy	22.9	−4.2
France	17.9	−4.8
UK	14.8	−5.8
Spain	12.0	−15.8
Communist world		
Soviet Union	160.0	+3.6
China	51.9	+11.1
Poland	17.4	+9.8
Yugoslavia	5.3	+17.6
Developing world		
Brazil	21.2	+3.8
South Korea	14.6	+7.5
India	1.9	+2.9
Turkey	6.0	+20.3
Venezuela	3.5	+13.5

Source: International Iron and Steel Institute

Mr Raymond Mascarenhas . . . signed the appeal

The shape of the $10bn-plus world iron ore market has changed greatly in the past 20 years. Industrialised countries have been driven to look farther and farther afield for iron ore supplies. Brazil and Australia have become the dominant exporters, with half the market, followed by India, Canada, South Africa and Sweden.

Europe imports a greater proportion of its ore than 20 years ago. Even the US, which is largely self-sufficient, imports increasing amounts of ore, especially from Canada. But the Pacific has seen the most dramatic developments. First there was the expansion of Australian production from the arid mountains of northern Western Australia to supply the steelmakers of the Far East. Then Australia's domination of the Japanese and other markets was eroded by Brazil and India. Last year even LKAB from distant Sweden made its first shipment to Japan since 1955.

Partly, this is the result of a fall in freight costs in the 1980s which have made it economical to ship ore long distances. Partly too, the Japanese seem to have deliberately encouraged new suppliers to come forward. The Australian share of the Japanese market has dropped from over 60 per cent to under 40 per cent last year.

Australia has had its successes notably in China. But overall Australian exports dropped 7 per cent to 82.9m tonnes and could fall further in 1987.

This was greater than the fall in world production, including communist countries, which dropped 4 per cent to 896m tonnes, according to the Association of Iron Ore Exporting Countries.

Until last year the effect of weakening demand on the important miners was masked by the depreciation of their currencies against the US dollar, as the chart above shows. BHP, Australia's largest iron producer, and CRA made record profits from iron ore in the years to May 1986 and December 1985 respectively. CVRD, with the benefit of a weak cruzeiro, made a record Crs 3,576bn net in 1985 (about £240m at the end-year exchange rate).

The falling US dollar has tightened the screw. Only a continuing fall in their own currencies could give the producers a little more breathing space. But for the Australians, at least, whose dollar has lost more than 40 per cent of its value sinve 1981, that might be too much to hope for, especially if the Government decides the devaluation has gone far enough.

The Australian companies have worked hard to cut costs in recent years, investing in larger trucks, bigger ships and port installations and, in particular, improving the management of labour at the mines. A strike earlier this year at Robe River, a mine operated by Peko Wallsend, highlighted the difficulties managers face in trying to introduce more efficient work practices.

However, the Australians acknowledge that Brazil is also a very cost-efficient producer. Mr David Parker, the Western Australian Minister for Minerals and Energy, says that a visit he led to Brazil last year convinced a delegation of managers and union leaders that Brazilian mines were the equal of those in Australia. "They thought it was just a matter of soft currency. They were wrong."

Australian producers argue that competitive pressures ought to force some other iron ore miners to close down. They claim in particular that state-owned operators in Africa and Latin America are uncompetitive.

There have been capacity cuts in Canada and in the US, which is likely to become a substantial importer in time. But this has not been enough. With Carajas building up to full production, CVRD will need to increase total exports from 70m tonnes in 1986 to 80m tonnes or more over the next 10 years.

With a flat outlook for world steel production, iron ore producers can hope for little increase in demand to absorb the new production. With considerable anxiety for their future, they have turned to their customers for talks. Given the losses and cuts European and more recently Japanese steelmakers have suffered they are unlikely to get a sympathetic hearing. The first indications from Japan are said to be negative. It is not even clear that the suggested meetings will take place.

The industry's fate is in its own hands. "What the industry needs now is a contraction of supply," commented one Australian executive. "Some producers should be cut out of the market. But it's not us."

Nickel up on reports of Soviet shortages

By Stefan Wagstyl

Nickel prices rose £85 to £2,545 a tonne for metal for immediate delivery amid reports of shortages in supply due to delayed shipments from the Soviet Union.

There were also suggestions that Inco, the world's largest producer, had sold its stocks for the first quarter of 1987. Mr Donald Phillips, Inco's president, said the company had fulfilled its sales plan to the end of February. Company stocks were low at 70m lbs.

Commenting on Soviet sales, Mr Phillips said these had been abnormally high last year at an estimated 120m lbs, or 20m-30m lbs more than normal.

The recent decline in stocks at the London Metal Exchange, where Soviet salues were often made, indicated that Russian material might be scarce, he said. This week LME stocks fell 1,030 tonnes to 4,610 tonnes, compared with over 7,800 tonnes last September where Soviet sales were often be high.

Earlier, at a London investment conference arranged by Toronto stockbroker Dominion Securities, Mr Phillips forecast a slight recovery in nickel prices in 1987, with more cuts in production to follow last year's closures. "The price move, however, is not likely to be large enough to restore profitability to all producers or, in some cases, even to cover cash costs."

OECD blames price support for world farming crisis

BY PETER MONTAGNON, WORLD TRADE EDITOR

REFORM OF international trade in agriculture has always been seen as both one of the most difficult and vital elements of the new round of multilateral talks on trade liberalisation which has just got under way at the General Agreement on Tariffs and Trade in Geneva.

Now, with a confidential memorandum to member governments, Mr Jean-Claude Paye, Secretary General of the Organisation for Economic Co-operation and Development (OECD), has made it clear just how difficult and how urgent the task of reforming farm trade really is.

The document is bound to prove controversial with some OECD member governments, not least because of its strong language which describes international deals in agriculture as "bordering on the absurd."

Yet the analysis it contains is also likely to provide a further impetus to the push for agricultural reform launched by President Ronald Reagan and UK Prime Minister Margaret Thatcher at last year's Tokyo summit. In essence Mr Paye argues that such reform has become ineluctable.

He starts out from the premise that OECD demand for agriculture products is virtually flat and likely to remain so even in the face of falling prices. Consumption within the OECD area is set to rise at less than 1 per cent a year, he says and that will be largely due to population trends and the removal of pockets of poverty.

Yet supply is continuing to grow some two to three times faster than outlets. Action taken by governments to adjust production has simply not been adequate, he says. Governments have set "virtually irreconcilable objectives" for their agricultural policies.

Mr Paye suggests that income support through producer prices is the main cause of the present crisis facing world agriculture. "Guaranteed prices, in spite of a more cautious approach in the last few years, are still too high almost everywhere to restore market balance on their own."

Budget spending on agriculture has reached "alarming" levels, he says, having more than doubled since the start of this decade. In some cases it represents as much as a quarter of the value of final production and nearly half the agricultural gross value added.

On top of this comes the cost to consumers of excessive prices, which is in much the same order as the burden of public spending. "There are better things to do, with the consumers' and taxpayers' money, than to finance the production of commodities that can only go into storage and then be sold off cheaply."

Restoring market equilibrium rests crucially on cuts in supply linked to a reduction in government support for farmers. The effect of this could be mitigated by more stringent efforts on the part of farmers themselves to cut their costs, though small farmers and those working in difficult conditions may also need direct income support.

Mr Paye notes that governments have generally been reluctant to undertake such a course of action, but he points out that the bulk of farm output is concentrated among a minority of large scale producers. "The budgetary economies which would result from a reduction of support linked to production would easily suffice to finance the compensation for the loss of farming income suffered by the small producers."

A key element would remain, however, gradual and concerted reduction of the support given to agricultural production. Studies carried out by the OECD show that a 10 per cent reduction in agricultural support would result in substantial budgetary savings, a lowering of production, a slight increase in consumption and, for several products, a rise in world prices which, in terms of farm incomes, would practically compensate for the fall in production.

Unless rapid progress is made in this direction, the situation promises only to deteriorate, he says.

"Competition will not then be between the agriculture sectors of different countries, but between their public financial resources. The consequnces of this would be, first, to deprive national economies of funds that are sorely needed for modernisation and economic adjustment, and secondly, to render even more painful the inescapable task of adapting the agricultural sector in the future."

Chicago exchange launches soya products options

BY DAVID OWEN IN CHICAGO

IN KEEPING with its strategy of looking to options to maintain a modicum of growth in the sluggish agricultural futures sector, the Chicago Board of Trade, the world's largest futures exchange, today launches options on both soyabeans oil and soyabean meal futures.

The dual launch brings the number of agricultural options traded at the CBOT to five and completes the exchange's six-contract soyabean complex. Options on soyabean futures have been traded at the CBOT since October 1984.

Exchange officials are optimistic about the prospects for both new contracts, despite the depressed cash soyabean market and the patchy performance of several other recently-launched US-based soft commodity options. "Early indications from food processors and animal feed manufacturers make us very optimistic about volumes in the opening days," says Mr Paul Peterson, the CBOT's marketing manager, agricultural products.

Certainly, soyabean oil futures have started the year encouragingly, with January volume up 32 per cent from a year earlier at 347,320 lots. Indeed, as Mr Peterson hastens to point cut, "we have seen some days when oil futures have done more business than bean futures." This also reflects the sharp decline in soyabean futures business, however. January volume plummeted 41 per cent from 1986 levels to 434,849, while the number of options traded also tailed off—by a more modest 16 per cent.

Traders and analysts are accordingly divided in their views of the prospects for the new options.

"The general consensus is that they won't do a lot of business at first but will pick up over the first six months," says Geldermann's Mr John Furlong. "I think soyabean oil especiallly will be a big success," says Mr Steve Freed or Dean Witter Reynolds.

Mr Furlong bases his views on the lack of experience among potential hedgers—even those who may have dabbled with soyabean options. "This opens up a lot of new ways for processors to hedge," he says. "But they won't at first because they are not educated. They will want to experiment."

By contrast, Mr Freed believes that declining processing margins may prompt commercial hedgers to enter the market quickly to lock in returns.

LONDON MARKETS

THE CONTINUING slide in coffee prices took London futures values to 52-month lows at one time yesterday. Increasing pessimism about the prospects for an early re-introduction of International Coffee Agreement export quotas—suspended a year ago when prices were high—plus reports of "aggressive" Brazilian sales of coffee bought in Europe last autumn in an attempt to prop up the market, pushed the May position on the London robusta futures market down to £1,410 a tonne before it rallied on profit-taking buying to close at £1,453 a tonne, down £15.50 on the day. That was the fourth successive daily fall and took the aggregate decline above the £100 mark. Cocoa futures were also depressed, with the May position finishing the day £15 down at £1,326.50 a tonne, close to a seven-month low. Traders attributed the fall to hedging against renewed Ghanaian current crop sales and the prospect of such sales by the Ivory Coast. The decline was cushioned, however, by manufacturer buying at the lows and reports of insufficient rains in Brazilian growing regions.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	873-4	+12	867/865
3 months	867-8	+13.75	873/860

Official closing (am): Cash 864-5 (879-80), three months 860-1 (871-1.5), settlement 865 (880). Final Kerb close: 862-3. Turnover: 29,125 tonnes.

COPPER

Grade A	Unoffic'l close	+ or −	High/Low
Cash	915.5-6	+17.75	918/917
3 months	921.5-2	+13	925.5/912

Official closing (am): Cash 916.5-7.5 (899-9.5), three months 920-20.5 (909.5-10), settlement 917.5 (899.5). Final Kerb close: 923.5-4.

Standard			
Cash	877-81	+11	880
3 months	896-900	+9	898

Official closing (am): Cash 880-1 (868-70), three months 897-8 (887-8), settlement 881 (870). US Producer prices 64-67.50 cents a pound. Total Turnover: 64,350 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	303-3.5	+3.75	306/305
3 months	301-1.5	+2	303.75/301

Official closing (am): Cash 304.5-5 (301-1.5), three months 303.25-3.5 (301-1.5), settlement 305 (301.5). Final Kerb close: 301-2. Turnover: 4,875 tonnes. US Spot: 24-27 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	2540-50	+85	2520
3 months	2545-8	+74	2550/2500

Official closing (am): Cash 2,520-5 (2,465-5), three months 2,523-4 (2,567-70), settlement 2,525 (2,465). Final Kerb close: 2,530-40. Turnover: 3,204 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	488-90		490/489.5
3 months	483.5-4	+1.25	486/483

Official closing (am): Cash 489.5-90 (488-90), three months 484-4.5 (484.5), settlement 490 (same). Final Kerb close: 483-4. Turnover: 14,050 tonnes. US Prime Western: 38.50-44 cents per pound.

TIN

KUALA LUMPUR TIN MARKET—Close: 16.99 (17.00) ringgit per kg. Down 0.01.

GOLD

GOLD BULLION (fine ounce) Feb. 18		
Close	$390-390½	(£254¾-255¼)
Opening	$392¾-393¼	(£256½-257)
M'n'g fix	$392.95	(£256.294)
Aft'n'n fix	$390.00	(£254.735)

GOLD AND PLATINUM COINS		
Am Eagle	$401½-406½	(£262-265½)
Mapleleaf	$400¾-405¼	(£261½-264½)
Kr'g'rnd	$395-398	(£257¾-259¾)
½ Krug	$198¾-199¾	(£129¾-130¼)
¼ Krug	$100½-101½	(£65½-66¼)
Angel	$398½-401½	(£260¼-262)
1/10 Angel	$40-45	(£26¼-29½)
New Sov.	$94½-95½	(£61¾-62½)
Old Sov.	$94½-96	(£61¾-62½)
$20 Eagle	$470-520	(£306¾-339½)
Noble Plat	$519-526	(£338¾-343¼)

Gold fell $5 an ounce from Tuesday's close in the London bullion market yesterday to finish at $390-390½. The metal opened at $392¾-393¼ and traded between a high of $393½-394 and a low of $389¼-389¾. Gold followed on a weaker trend started in New York with record demand for equities and a downturn in commodity prices accounting for the fall.

SILVER

Silver was fixed 4.1p an ounce lower for spot delivery in the London bullion market yesterday at 352.05p. US cent equivalents of the fixing levels were: spot 539c, down 6.1c; three-month 547.4c, down 6.2c; six-month 556.05c, down 6.15c; and 12-month 573.5c, down 6.05c. The metal opened at 351½-353½p (538-540c) and closed at 349½-351½p (535-537c).

SILVER per troy oz	Bullion Fixing Price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	352.05p	−4.10	351.5p	−5
3 months	361.00p	−4.30	361p	−5
6 months	369.90p	−4.70	—	—
12 months	387.75p	−4.15	—	—

LME—Turnover: 40 (1) lots of 10,000 ounces.

Final Kerb: three months 361-3p.

SOYABEAN MEAL

	Y'sterd'ys close	+ or −	Business done
	£ per tonne		
Feb.	—	—	—
April	125.0-125.0	+2.05	—
June	114.8-115.0	+1.05	114.4
August	110.8-111.0	−0.50	111.0
October	111.2-111.5	+0.80	111.0
Dec.	113.0-113.5	+0.75	113.0
Feb.	115.5-115.7	+0.25	115.5

Sales: 94 (179) lots of 20 tonnes.

INDICES			
REUTERS			
Feb. 18	Feb. 17	M'th ago	Year ago
1594.6	1609.6	1595.5	1854.4

(Base: September 18 1931=100)

DOW JONES				
Dow Jones	Feb. 17	Feb. 13	M'th ago	Year ago
Spot	113.81	114.12	—	126.59
Fut	114.56	115.09	—	130.41

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	Feb. 18 1987	+ or −	Month ago
METALS			
Aluminium			
Free Market	$1380/410	−20	$1255/255
Copper			
Cash Grade A	£915.75	+13	£881.75
3 mths	£921.75	+13	£908.75
Gold Troy oz	$390.25	−5	$407
Lead Cash	£305.25	+3.75	£293.5
3 mths	£301.25	+2	£294.75
Nickel			
Free Mkt	175/185c	+4	161/181c
Palladium oz	$118.10	−0.30	$125.00
Platinum oz	$500.50	−0.75	$514.25
Quicksilver†	$175/180		$158/168
Silver troy oz	352.05p	−4.10	360.55p
3 mths	361.00p	−4.30	370.20p
Tin			
free Mkt	$4440/470	+10	£4520/550
Tungsten	$44.51		$43.18
Wolfram 22.0lb	$39/45		$35/45
Zinc	£489	−2.5	£500.5
3 mths	£485.75	−2	£494.25
producers	$770/780		$820
OILS			
Coconut (Phil)	$420 x		$437.5
Palm Malayan	$337.5v		$350
Copra (Phil)	$265		$290
Soyabean (U.S.)	$138		$142
GRAINS			
Barley Fut. May	£116.95	−0.05	£115.2
Maize	£143.50		£143.0
Wheat Fut. May	£118.60	−0.20	£114.40
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. May	£1326.5	−15	£1406
Coffee Ft. May	£1453.5	−15.5	£1577.5
Cotton A Ind.*	66.05c	−0.55	67.20c
Gas Oil Apr.	$140.5	−5	65.25p
Rubber (kilo)	63.5p	−0.5	$156.25
Sugar (raw)	$184z	−7	$162
Woolt'ps 64s	415p kilo		421p kilo

COFFEE

New contract lows, the lowest levels for over four years, were seen in London following heavy bouts of commisson house selling throughout a busy day, reports Drexel Burnham Lambert. The mid-afternoon rally back to the day's highs was seen as a technical adjustment alongside dealer short-covering whilst fundamentals remain bearish.

COFFEE	Yesterday's close	+ or −	Business Done
Mar.	1457-1458	−10.0	1458-1410
May	1452-1455	−15.5	1455-1410
July	1470-1472	−11.0	1470-1425
Sept.	1495-1498	−11.0	1498-1450
Nov.	1515-1525	−12.5	1515-1476
Jan.	1530-1560	−15.0	1538-1495
Mar.	1555-1585	—	—

Sales: 8,178 (6,248) lots of 5 tonnes. ICO indicator prices (US cents per pound) for February 17: Comp. daily 1979 109.36 (114.98); 15-day average 116.70 (117.32).

COCOA

Although the morning was relatively uneventful futures eased early in the afternoon and closing values were at the seven month lows. Following rumours of producer selling and the subsequent lower levels, consumers showed renewed interest for both cocoa beans and products, reports Gill and Duffus.

COCOA	Yesterday's close £ per tonne	+ or −	Business done
March	1295-1297	−14.5	1311-1285
May	1325-1327	−15.0	1340-1324
July	1356-1357	−15.0	1367-1354
Sept.	1383-1384	−14.0	1395-1378
Dec.	1406-1408	−12.5	1417-1404
March	1435-1436	−13.0	1446-1435
May	1451-1455	−15.5	1465-1451

Sales: 4,357 (2,226) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for February 18: 1,552.64 (1,561.21): 10-day average for February 19: 1,549.43 (1,548.95).

GRAINS

Old crop wheat steadied in trading, reaching 45p up before easing on keen commission house selling. Barley firmed on shipper short-covering. New crops found trade selling, reports T. G. Roddick.

	WHEAT		BARLEY	
Mnth	Yest'rdy's close	+ or −	Yest'rdy's close	+ or −
Mar	117.10	+0.10	114.70	−0.05
May	118.60	+0.20	116.95	+0.05
July	120.55	+0.05	—	
Sep.	99.55	+0.05	98.40	−0.20
Nov.	101.50	—	100.80	−0.20
Jan.	104.30	—	103.70	−0.20
Mar.	106.75	+0.05	106.05	−0.20

Business done—Wheat: March 117.30-7.10, May 118.85-8.60, July 121.00-20.55, Sept 99.35, Nov 101.55-1.45, Jan 104.35-4.20, March 106.75-6.70. Sales: 323 lots of 100 tonnes. Barley: March 114.70-4.50, May 116.95-6.80, Sept 98.40-8.35, Nov 100.85-0.80, Jan 103.70-3.65, March untraded. Sales: 39 lots of 100 tonnes.

LONDON GRAINS—Wheat US Dark Northern Spring No 1, 15 per cent: March 102.00, April/May 97.50. US No 2 Soft Red Winter: March 103.00. French 11½-12 per cent: Jan 142.50. English Feed, fob: Feb 118.50 seller, March 120.50-121.00, April/June 122.00-122.50 buyer/sellers, Sept 101.00, Oct/Dec 105.00 sellers. Maize: US No 3 Yellow/French, transhipment East Coast: Feb 143.50. Barley: English feed, fob: Feb 118.00 buyer English, March 120.00 seller English, 119.50 English/Scottish. April/June 123.50 English, Aug 101.00 seller English/Scottish, Sept 102.00 seller English/Scottish.

HGCA — Locational ex-farm spot prices (including co-responsibility levy of £3.373 a tonne). Feed barley: E. Midlands 116.00, N. East 114.30. The UK monetary coefficient for the week beginning Monday February 23 will remain unchanged.

POTATOES

The market opened 20-30p down and came under immediate selling pressure, with the May position keenly offered and buying interest difficult to locate until the price dropped to £171.00. Although some April buying resistance was evident around the old support level of £150.00 this was eroded mid-afternoon aided by a weakening Dutch quote. Values recovered on the close, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Apr	149.80	152.70	152.50-149.00
May	171.50	175.80	175.50-171.00
Nov.	89.00	88.30	88.00-88.50
Feb.	98.00	95.20	—
Apr.	118.00	116.50	—

Sales: 923 (653) lots of 40 tonnes.

RUBBER

PHYSICALS — The London market opened easier, attracted little interest through the day and closed neglected, reports Lewis and Peat. Closing prices (buyers): Spot 63.50p (64.00p); March 65.00p (65.50p): April 64.75p (65.25p). Kuala Lumpur fob prices (Malaysian cents a kilo): RSS No 1 229.5 (231.5) and SMR 20 204.0 (205.5).

FUTURES—Index 647, March 668-678, April/June 673-683, July/Sept 683-693. Sales: Nil.

US MARKETS

EARLY COMMISSION house selling in gold futures took the market through the support level at $393.00, basis April, touching off stops before trade support emerged at the lows forcing the market to remain in a tight range for the rest of the day, reports Drexel Burnham Lambert. Silver futures tended to follow gold, whilst in platinum futures the action exactly mirrored gold, with short-covering late in the session. A combination of lower physical stocks, reported production cut — backs and seasonal price support promoted heavy mixed buying in copper futures which was sufficient to keep the market exceptionally steady despite reports of an anticipated settlement of the Noranda strike in Canada. Cocoa futures remained on the defensive as origins continued to sell, whilst in coffee futures belated producer price-fix selling depressed prices before aggressive industry buying and short-covering pared losses. Massive commission house liquidation on sugar futures coupled with trade selling saw prices decline before scale-down trade buying and mixed support at the lower levels rallied prices towards the close. The grains were generally quiet, with a lack of fresh news, commercial selling and the stronger dollar leading to an easier tone in all markets. Live cattle futures were once again sharply higher reflecting Tuesday's rally and also higher prices asked by feeders. Pork bellies were steady reflecting anticipated demand as cash prices appear to be bottoming out.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	Prev	High	Low
Feb	59.40	59.40	—	—
March	59.45	59.40	59.45	59.35
May	59.50	59.45	59.90	58.50
July	59.05	59.10	59.30	58.95
Sept	58.00	58.00	58.00	58.00
March	58.00	58.00	—	—
May	58.00	58.00	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
March	1810	1821	1820	1809
May	1844	1856	1853	1842
July	1876	1891	1885	1876
Sept	1908	1920	1913	1907
Dec	1937	1960	1943	1936
March	1968	1980	1970	1968
May	1990	2002	—	—

COFFEE "C" 37,500 lbs, cents/lb

	Close	Prev	High	Low
March	113.23	115.03	116.00	112.50
May	116.36	117.87	118.45	115.50
July	119.75	123.75	120.75	119.75
Sept	122.00	128.00	123.25	122.00
Dec	124.25	128.25	125.25	124.25
March	125.25	129.25	125.50	125.25
May	126.25	130.10	126.10	126.10

COPPER 25,000 lb, cents/lb

	Close	Prev	High	Low
Feb	63.00	61.55	—	—
March	63.00	61.55	63.20	61.95
May	63.10	61.75	63.30	62.10
July	63.10	61.90	63.00	62.40
Sept	63.35	62.20	63.40	62.65
March	64.35	63.25	64.00	63.75
May	64.75	63.65	—	—
July	65.10	64.00	—	—

COTTON 50,000 lb, cents/lb

	Close	Prev	High	Low
March	54.37	55.98	55.50	54.28
May	53.90	56.41	54.90	53.70
July	53.55	54.83	54.30	53.40
Oct	53.06	54.25	53.90	53.00
Dec	52.60	53.80	53.35	52.50
March	53.26	54.40	53.95	53.25
May	53.70	54.85	54.25	54.25

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
March	17.45	17.79	17.71	17.26
April	17.34	17.66	17.60	17.16
May	17.26	17.58	17.52	17.08
June	17.19	17.51	17.45	17.05
July	17.16	17.47	17.37	17.00
August	17.12	17.47	17.38	17.03
Sept	17.12	17.50	17.20	17.13
Oct	17.16	17.55	17.35	17.22
Dec	17.40	17.67	17.68	17.38

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	Prev	High	Low
March	7.19	7.60	7.56	7.12
May	7.48	7.81	7.77	7.40
July	7.53	7.90	7.86	7.48
Sept	7.52	7.84	7.92	7.60
Oct	7.66	8.01	7.98	7.65
March	8.00	8.34	8.20	7.97

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
Feb	392.7	392.1	393.5	389.0
March	393.5	393.0	392.0	392.0
April	395.3	354.9	396.4	391.4
June	399.1	398.7	—	395.0
Aug	403.0	402.8	404.3	399.3
Oct	406.7	406.2	403.5	403.5
Dec	410.6	410.1	410.8	407.0
Feb	414.5	414.0	414.2	410.7
June	422.5	422.0	420.5	418.5
Dec	435.4	435.1	430.8	430.8

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
March	47.15	47.90	47.65	46.50
April	46.90	47.54	47.40	46.25
May	46.55	47.23	47.00	45.85
June	46.00	46.60	46.30	45.40
July	45.85	46.60	46.10	45.45
August	46.00	47.10	46.00	46.00
Sept	47.00	47.95	47.00	47.00

ORANGE JUICE 15,000 lb, cents/lb

	Close	Prev	High	Low
March	123.90	123.45	124.05	123.55
May	125.70	125.05	125.70	125.05
July	126.45	126.10	126.70	126.30
Sept	127.00	126.80	127.25	126.80

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
Feb	500.6	505.3	—	—
April	502.8	507.5	506.0	496.2
July	506.1	511.0	509.5	—
Oct	510.1	515.0	511.0	504.0
April	518.8	523.7	516.0	516.0

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
Feb	539.8	529.2	—	—
March	541.0	540.5	542.0	536.5
May	547.1	546.7	548.0	542.5
July	553.0	552.7	554.0	549.0
Sept	559.1	558.8	560.0	555.5
Dec	568.3	568.0	569.5	563.5
Jan	571.4	571.1	—	—
March	577.3	577.0	578.5	573.0
May	583.6	583.3	583.0	583.0
July	590.2	589.9	592.0	509.0

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
Feb	64.67	64.62	64.95	64.25
April	64.32	63.77	64.20	63.85
June	61.80	61.65	62.45	61.40
August	58.95	59.10	59.40	58.60
Oct	57.80	58.10	58.45	57.60
Dec	57.72	58.05	58.53	57.70
Feb	57.85	57.90	58.20	57.25

LIVE HOGS 30,000 lbs, cents/lb

	Close	Prev	High	Low
Feb	49.10	46.27	49.20	48.00
April	43.00	42.32	43.22	42.55
June	45.05	45.50	45.50	44.80
July	44.60	45.15	45.30	44.50
Aug	42.12	43.20	43.45	42.05
Oct	38.50	39.20	39.40	38.50
April	37.05	37.50	37.50	37.05

PORK BELLIES 38,000 lbs, cents/lb

	Close	Prev	High	Low
Feb	60.47	61.90	62.95	60.40
March	59.47	60.20	61.05	58.50
May	59.65	59.37	60.65	58.35
July	57.77	59.20	59.35	57.45
Aug	56.67	57.85	57.85	55.40

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	Prev	High	Low
March	144.2	145.2	145.0	144.0
May	151.2	152.0	153.4	151.0
July	156.2	157.2	158.0	156.5
Sept	159.4	160.0	161.4	159.2
Dec	165.2	165.6	167.2	164.5
March	173.0	173.4	174.6	172.4
May	175.2	175.6	177.4	175.2

SOYABEANS 5,000 bu min, cents/60 lb bushel

	Close	Prev	High	Low
March	485.2	487.2	485.0	[illegible]
May	483.0	484.6	485.4	[illegible]
July	482.0	482.6	484.2	[illegible]
Aug	479.4	480.0	481.4	472.4
Sept	469.2	469.4	470.6	[illegible]
Nov	464.2	464.2	466.4	462.4
Jan	470.2	470.2	472.0	469.4
March	477.0	478.4	473.0	476.0
May	480.0	479.4	—	—

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
March	144.4	144.8	145.2	142.9
May	137.9	137.8	138.2	137.3
July	135.7	135.5	136.0	135.3
Aug	135.4	135.0	135.5	134.9
Sept	134.0	133.5	134.5	133.5
Oct	133.0	132.5	133.2	132.5
Dec	133.2	132.5	133.5	132.5
Jan	133.5	132.9	133.5	133.0
March	136.0	135.0	135.5	135.5

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	Prev	High	Low
March	15.55	15.67	15.73	15.54
May	15.89	16.00	16.07	15.87
July	16.19	16.29	16.35	16.17
Aug	16.27	16.35	16.42	16.25
Sept	16.37	16.45	16.50	16.35
Oct	16.41	16.45	16.50	16.40
Dec	16.51	16.59	16.65	16.50
Jan	16.49	16.47	16.49	16.43

WHEAT 5,000 bu min, cents/60 lb bushel

	Close	Prev	High	Low
March	277.0	276.5	279.4	276.0
May	264.6	265.2	266.4	264.5
July	248.0	249.0	250.6	248.0
Sept	248.4	247.6	249.0	247.4
Dec	255.0	254.4	255.0	254.0
March	277.0	276.6	279.4	276.0

SPOT PRICES — Chicago loose lard 14.50 (same) cents per pound. Handy and Harman silver bullion 538.5 (545.0) cents per troy ounce.

FREIGHT FUTURES

Initial strength was sold into and the market traded down to a low of 770, basis April. Rumours circulated the market of lower fixtures for the Gulf / Amsterdam-Rotterdam - Antwerp route, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
April	773/775	780/770	775/776
July	663/665	665/660	660/670
Oct.	767/769	772/768	765/767
Jan.	788	785/780	787/790
Apr.	820	—	805/815
July	660	—	685/692
Oct.	820/825	—	830/830
Jan.	870/880	—	850/855
BFI.	855.5	—	853.5

Turnover: 72.

GAS OIL FUTURES

Month	Yestrdy's close	+ or −	Business Done
	US $ per tonne		
Mar	140.00	−5.00	145.50-40.00
Apr.	140.50	−5.00	145.50-40.25
May	140.00	−3.50	144.00-39.00
June	139.75	−4.50	145.00-39.50
July	137.50	−5.00	

Turnover: 3,357 (2,293) lots of 100 tonnes.

SUGAR

The increase by the New York exchange of margins for spot March and the onset of the carnival season in Brazil produced a sharp downside reaction. There has been no published resolution of the over-commitment problem from Brazil, reports C. Czarnikow.

No. 6 Contract	Y'sterdy's close	Previous close	Business done
	$ per tonne		
Mar.	162.0-162.2	170.4-170.8	170.0-161.0
May	167.2-167.4	174.2-174.6	175.4-165.8
Aug.	169.4-169.6	176.0-177.0	176.8-169.0
Oct	172.0-172.4	177.2-178.0	177.4-172.4
Dec.	176.0-177.0	181.0-184.0	180.4
Mar.	178.0-179.4	182.2-185.8	185.6-178.8
May	179.0-182.0	185.0-190.0	—

Sales: 4,333 (2,899) lots of 50 tonnes. LONDON DAILY PRICE—Raw sugar $184.00 (£125.00), down $7.00 (unchanged) a tonne for March/April delivery. White sugar $201.50, down $3.00.

Tate and Lyle delivery price for granulated basis sugar was £225.00 (£231.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for February 17: Daily price 7.36 (7.44); 15-day average 7.44 (7.45).

PARIS—(FFr per tonne): May 1237-1240, Aug 1277-1285, Oct 1300-1310, Dec 1335-1350, March 1370-1390, May 1405-1425.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 91.97p per kg lw (−0.35). GB—Sheep 172.81p per kg est dcw (−2.77). GB Pigs 75.25p per kg lw (−0.43). GB—AAPP 95.71p per kg dw (+0.95).

OIL

Crude prices fell sharply in thin trade. Brent was quoted at substantially unchanged levels for March, April and May, with April the strongest month and May the weakest. March WTI opened 11c down on Nymex and traded 34c down at 12.15 pm EST. In the petroleum products market gas oil was weaker on limited buying interest and improved availability. Gasoline, naphtha and fuel oil remained quiet—Petroleum Argus, London.

	Latest	Change + or −
CRUDE OIL—FOB ($per barrel)—Mar.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	16.50-16.60	−0.30
Brent Blend	16.90-16.95	−0.40
W.T.I. (1pm est)	17.40-17.45	−0.40
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	170-175	—
Gas Oil	139-140	−3.5
Heavy fuel oil	85-87	—
Naphtha	153-155	−1

Petroleum Argus estimates

HEAVY FUEL OIL

Month	Yesterday close	+ or −	Business Done
	US $ per tonne		
Mar.	85.50	−1.00	85.50
Apr.	84.00	−1.00	84.00
May	78.00	—	

Turnover: 10 (2) lots of 100 tonnes.

FOREIGN EXCHANGES

Dollar waits for GNP

THE DOLLAR traded in a narrow range yesterday, awaiting the announcement of US GNP figures today. Dealers were content to square thir positions ahead of the announcement and this resulted in a little short covering which provided the dollar with its improvement on overnight levels.

The first revision to fourth quarter GNP estimates was not expected to differ much from the earlier figure of 1.7 per cent growth but the market was not willing to be caught out. In addition both Mr Paul Volcker, chairman of the US Federal Reserve Board and Mr James Baker, US Treasury Secretary are both to make major speeches today. A further incentive to remain on the sidelines was the continued rumour about a G-5 meeting. The possibilities of an early meeting left the market divided, with some suggesting that sufficient discussion had already taken place to make an early meeting likely while others argued that unless Mr Baker saw something on the table which would make a meaningful contribution towards helping to decrease the US trade deficit, then a meeting seemed unlikely.

The dollar closed at DM 1.8285 up from DM 1.8140 and Y153.75 compared with Y153.15. Aganst the Swiss franc it rose to SFr 1.5470 from SFr 1.5310 and FFr 6.09 compared with FFr 6.0450. On Bank of England figures, the dollar's exchange rate index rose from 103.6 to 104.2.

STERLING—Trading range against the dollar in 1986-87 is 1.5555 to 1.3700. January average 1.5071. Exchange rate index 69.3 against 69.1 at the opening and 69.0 on Tuesday night. The six months ago figure was 71.7.

Sterling recorded useful gains, helped by a firmer dollar but also by Tuesday's encouraging PSBR figures and yesterday's opinion poll which gave the Conservative Party a clear lead in what most people see as an election year. Against the dollar it was little changed at $1.5320 from $1.5325 but the strength of the US unit meant that the pound rose to DM 28025 against the D-mark from DM 2.7800 and Y235.50 compared with Y234.75. Elsewhere it rose to SFr 2.37 from SFr 23450 and FFr 9.33 from FFr 9.2850.

D-MARK—Trading range against the dollar in 1986-87 is 2.4710 to 1.7870. January average 1.8568. Exchange rate index 148.1 against 139.0 six months ago.

There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the dollar was quoted at DM 1.8258, up from DM 1.8118 on Tuesday. The dollar showed a steady improvement during the day as traders adjusted positions ahead of today's GNP figures and Mr Volcker's testimony to Congress. It closed at DM 1.8315 compared with DM 1.8130 on Tuesday. Much of the day's demand was of a technical nature and was confined to professional buying. Speculators were content to sit on the sidelines and await a definite trend.

JAPANESE YEN—Trading range against the dollar in 1986-87 is 202.70 to 151.30. Exchange rate index 209.0 against 218.2 six months ago.

Trading was rather quiet and featureless in Tokyo as traders remained preoccupied by the chances of a G-5 meeting. In addition activity was subdued ahead of today's revised US GNP figures and major speeches by US officials. The dollar closed at Y153.35 compared with Y153.40 in New York and in Tokyo on Tuesday.

£ IN NEW YORK

Feb 18	Latest	Previous Close
£ Spot	1.5320-1 530	1.5295-1.5305
1 month	0.54-0.52 pm	0.53-0.52 pm
3 months	1.63-1.59 pm	1.52-1.49 pm
12 months	5.65-5.55 pm	5.20-5.15 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Feb. 18	Previous
8.30 am	69.1	68.9
9.00 am	69.2	68.9
10.00 am	69.2	68.9
11.00 am	69.2	68.8
Noon	69.2	68.8
1.00 pm	69.2	68.8
2.00 pm	69.2	68.9
3.00 pm	69.3	69.0
4.00 pm	69.3	69.0

CURRENCY RATES

Feb. 18	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.824460	0.737658
U.S. Dollar	5.5	1.26266	1.12899
Canadian $	8.20	*	1.50324
Austrian Sch.	4	16.1835	14.5120
Belgian Franc	8½	47.07980	42.7462
Danish Krone	7	8.67132	7.78436
Deutsche Mark	3.0	2.30536	2.06435
Neth. Guilder	4½	2.60676	2.33147
French Franc	9½	7.69212	6.87665
Italian Lira	12	N/A	1468.25
Japanese Yen	3.0	193.692	173.638
Norway Krone	8	N/A	7.88315
Spanish Peseta	—	162.127	144.905
Swedish Krona	7½	8.19593	7.33954
Swiss Franc.	3.5	1.94892	1.74507
Greek Drach.	20½	N/A	151.566
Irish Punt	—	"	0.774870

*CS/SDR rate for Feb. 17; 1.68418

CURRENCY MOVEMENTS

February 18	Bank of England Index	Morgan Guaranty Changes %
Sterling	69.3	−24.8
U.S. Dollar	104.2	−3.1
Canadian Dollar	79.6	−10.1
Austrian Schilling	139.1	+10.0
Belgian Franc	100.6	−3.7
Danish Krone	93.9	+4.7
Deutsche Mark	148.1	+22.5
Swiss Franc	170.4	+21.0
Guilder	135.2	+14.9
French Franc	72.2	−12.2
Lira	48.5	−16.1
Yen	209.0	+56.1

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Feb. 18	£	$
Argentina	2.1310-2.1400	1.3930-1.3980
Australia	2.3000-2.3030	1.5005-1.5015
Brazil	27.1015-27.2535	17.7170-17.8060
Finland	6.9585-6.9785	4.5455-4.5475
Greece	203.33-206.61	132.68-134.82
Hong Kong	11.9340-11.9450	7.7990-7.8010
Iran	110.80*	72.60*
Korea (Sth)	1303.65-1315.45	852.00-859.80
Kuwait	0.42420-0.42490	0.27720-0.27740
Luxembourg	58.10-58.20	37.90-38.00
Malaysia	3.9005-3.9065	2.5495-2.5515
N. Zealand	2.7935-2.7810	1.8230-1.8260
Saudi Ar.	5.7395-5.7445	3.7500-3.7510
Singapore	3.2770-3.2825	2.1420-2.1440
S. Af. (Cm)	3.1925-3.2145	2.0920-2.0965
S. Af. (Fn)	6.4540-6.7375	4.2105-4.3955
Taiwan	53.30-53.55	34.90-35.00
U.A.E.	5.6205-5.6260	3.6725-3.6735

Correction for Feb. 16 U.A.E. £5.5985-5.6040
* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu February 18	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	42.7462	+0.68	+0.68	± 1.5344
Danish Krone	7.85212	7.78436	−0.86	−0.86	± 1.6404
German D-Mark	2.05853	2.06435	+0.28	+0.28	± 1.0981
French Franc	6.90403	6.87665	−0.40	−0.40	± 1.3674
Dutch Guilder	2.31943	2.33147	+0.52	+0.52	± 1.5012
Irish Punt	0.768411	0.774870	+0.84	+0.84	± 1.6684
Italian Lira	1483.58	1468.25	−1.03	−1.03	± 4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST THE POUND

Feb. 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5275-1.5335	1.5315-1.5325	0.54-0.51c pm	4.11	1.47-1.42 pm	3.77
Canada	2.0352-2.0404	2.0395-2.0405	0.62-0.54 c pm	3.41	1.50-1.37 pm	2.81
Neth'lands	3.15-3.17¼	3.16¼-3.17¼	1½-1¼ c pm	4.97	4-3¾ pm	4.89
Belgium	57-58.20	58.10-58.20	16-11 c pm	2.79	40-34 pm	2.55
Denmark	10.51-10.59	10.55½-10.56½	¼pm-⅞ ore dis	−0.13	¼pm-1 dis	−0.09
Ireland	1.0473-1.0526	1.0515-1.0525	0.25-0.37 p dis	−3.54	0.83-1.20 dis	−3.86
W. Germany	2.76¾-2.80¼	2.79¾-2.80¾	1⅝-1½ pf pm	6.42	4½-4¼ pm	6.16
Portugal	215.87-216.99	216.01-216.99	84-165 c dis	−6.90	297-410 dis	−6.53
Spain	196.58-197.44	197.09-197.44	24-48 c dis	2.19	77-117 dis	−1.97
Italy	1983½-1997½	1994-1995	2-par lire pm	0.60	3pm-1 dis	0.20
Norway	10.66½-10.71¼	10.67-10.68	2¼-3⅞ ore dis	−3.30	9⅞-11⅛ dis	−3.98
France	9.28½-9.34½	9.32½-9.33½	2-1⅞ c pm	2.17	4⅝-3⅝ pm	1.77
Sweden	9.94-9.97½	9.95-9.96	⅛pm-1¼ ore dis	−0.83	1⅛-2½ dis	−0.73
Japan	235-236	235-236	1¼-1⅛ y pm	6.05	3⅝-3½ pm	5.94
Austria	19.61-19.75	19.71-19.75	10-8⅞ gro pm	5.74	27¼-25⅛ pm	5.32
Switzerland	2.35¾-2.37½	2.36½-2.37½	1½-1¼ c pm	6.96	4-3¾ pm	6.54

Belgian rate is for convertible francs. Financial franc 58.70-58.80. Six-month forward dollar 2.76-2.71 c pm 12-month 5.13-5.03 c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Feb. 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5275-1.5335	1.5315-1.5325	0.54-0.51c pm	4.11	1.47-1.42 pm	3.77
Ireland†	1.4533-1.4635	1.4560-1.4570	0.87-0.80c pm	6.86	2.63-2.50 pm	7.02
Canada	1.3270-1.3325	1.3305-1.3315	0.07-0.09c dis	−0.72	0.30-0.34 dis	−0.96
Netherlands	2.0535-2.0700	2.0680-2.0690	0.18-0.15c pm	0.96	0.62-0.57 pm	1.16
Belgium	37.67-38.00	37.90-38.00	3-5c dis	−1.27	11-13 dis	−1.27
Denmark	6.85¾-6.91	6.89¼-6.89½	1.90-2.80ore dis	−4.10	6.45-7.35 dis	−4.01
W. Germany	1.8175-1.8330	1.8280-1.8290	0.35-0.32pf pm	2.20	1.12-1.07 pm	2.40
Portugal	141-142	141½-142	105-155c dis	−11.05	330-400 dis	−10.34
Spain	128.23-128.70	128.25-128.35	58-68c dis	−5.88	180-195 dis	−5.84
Italy	1293-1303	1301¼-1302¼	3¼-4¼lire dis	−0.35	11-12½ dis	−3.36
Norway	6.95¾-6.98¾	6.98-6.98½	3.95-4.65ore dis	−7.40	13.30-14.00dis	−7.83
France	6.05¾-6.10½	6.08¾-6.09¼	0.90-1.10c dis	−1.98	2.95-3.35 dis	−2.07
Sweden	6.48-6.50½	6.49½-6.50	2.40-2.90 ore dis	−4.90	7.15-7.75 dis	−4.59
Japan	153.15-153.90	153.70-153.80	0.27-0.24y pm	1.99	0.87-0.82 pm	2.20
Austria	12.79-12.88	12.85½-12.86	2.00-1.60gro pm	1.68	5.50-4.50 pm	1.56
Switzerland	1.5365-1.5515	1.5465-1.5475	0.37-0.33c dis	3.89	1.10-1.05 pm	2.79

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.30-38.40.

EURO-CURRENCY INTEREST RATES

Feb. 18	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
Sterling	N/A	10⅞-11⅛	11⅛-11⅛	10⅝-10¹¹⁄₁₆	10⅜-10½	10¼-10⅜
U.S. Dollar	6⅜-6⅞	6⅜-6⅞	6⅜-6½	6½-6⅝	6⅝-6⅝	6½-6⅝
Can. Dollar	6½-6¾	6¾-7	7⅛-7¼	7⅜-7½	7½-7⅝	7¹¹⁄₁₆-7¹³⁄₁₆
D. Guilder	5⅜-5⅝	5⅜-5⅝	5⅜-5⅝	5⅜-5⅝	5⅜-5⅝	5⅜-5⅝
Sw. Franc	¼-1	⅝-⅞	3⅜-3½	3¹¹⁄₁₆-3¹³⁄₁₆	3¾-3⅞	3⅞-4
Deutschmark	4-4⅛	3¹⁵⁄₁₆-4⅛	4-4⅛	4⅛-4⅜	4⅛-4¼	4⅜-4⅝
Fr. Franc	8½-8⅝	8½-8⅝	8½-8⅝	8⅝-8¾	8¹¹⁄₁₆-8¹³⁄₁₆	8¾-8⅞
Italian Lire	9-12	9½-10½	9⅞-10⅞	10½-10⅞	10-10½	10-10½
B. Fr. (Fin.)	7⅝-7¾	7⅝-7⅞	7¹¹⁄₁₆-7¹³⁄₁₆	7¹¹⁄₁₆-7¹³⁄₁₆	7⅝-7⅞	7⅝-7⅞
B. Fr. (Con.)	7¼-7¾	7½-8	7¾-8¼	7¾-8¼	7¾-8¼	7¾-8¼
Yen	4½-4¾	4⅜-4½	4⅜-4⅝	4¼-4⅞	4⅛-4⅜	4⅛-4⅜
D. Krone	11-11½	11-11½	11-11½	10¾-11¼	10¾-11¼	10¾-11¼
Asian $ (Sing.)	3½-3¾	N/A	3⅜-3⅞	3⅜-3⅞	3⅜-3⅝	3⅝-3¾

Long-term Eurodollars: Two years 6⅞-7⅛ per cent; three years 7¼-8 per cent; four years 7½-7⅞ per cent; five years 7¾-8 per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Feb. 18	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.532	2.803	235.5	9.330	2.370	3.168	1995.	2.040	58.15
$	0.653	1.	1.829	153.7	6.090	1.547	2.068	1302.	1.332	37.96
DM	0.357	0.547	1.	84.03	3.329	0.846	1.130	711.7	0.728	20.75
YEN	4.246	6.505	11.90	1000.	39.62	10.06	13.45	8469.	8.662	246.9
F Fr.	1.072	1.642	3.004	252.4	10.	2.540	3.395	2138.	2.186	62.33
S Fr.	0.422	0.646	1.182	99.37	3.937	1.	1.336	841.6	0.861	24.54
H Fl.	0.316	0.484	0.885	74.35	2.946	0.748	1.	629.7	0.644	18.36
Lira	0.501	0.768	1.405	118.1	4.678	1.188	1.588	1000.	1.023	29.16
C $	0.490	0.751	1.374	115.4	4.574	1.162	1.553	977.7	1.	28.50
B Fr.	1.720	2.635	4.819	405.0	16.04	4.076	5.447	3430.	3.508	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Sterling prices up further

GILT PRICES and three-month sterling deposit contracts recorded further gains in the London International Financial Futures Exchange yesterday. Principal factors affecting the market included sterling's firmer trend and a more solid performance by US bonds. Tuesday's better than expected UK PSBR figures were also a bullish factor as it raised the possibility of a cut in base rates between now and next month's budget. In addition an opinion poll released yesterday gave the Conservative Party a clear lead over all other parties.

The June contract for three-month sterling deposits opened at 90.05 and touched a high of 90.18 before closing at 90.13 up from 89.92 on Tuesday. However some dealers were a little concerned about how much upward potential was left since contract prices already discount a one point cut in base rates.

The March long gilt opened at 116-24 up from 116-09 on Tuesday and rose to a best level of 117-14 before closing at 117-05.

Trading was active and after a sharply firmer opening, prices were subjected to a few bouts of profit taking but sellers were soon forced to cover as the firmer trend continued.

US Treasury bonds were helped by the dollar's strength ahead of today's GNP revisions and a speech by Mr Paul Volcker, chairman of the US Federal Reserve Board. The March price touched a high of 99-16 after opening at 99-03 and closed at 99-11 up from Tuesday's close of 116-09.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Mar.	Calls—Last June	Puts—Last Mar.	Puts—Last June
106	11.10	11.25	0.00	0.03
108	9.10	9.30	0.00	0.08
110	7.10	7.42	0.00	0.20
112	5.10	5.59	0.00	0.37
114	3.10	4.26	0.00	1.04
116	1.12	3.05	0.02	1.47
118	0.08	2.08	0.62	2.50
120	0.00	1.23	2.54	4.01

Estimated volume total, Calls 2,936 Puts 1,500
Previous day's open int: Calls 17,780 Puts 11,249

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Mar.	Calls—Last June	Puts—Last Mar.	Puts—Last June
90	9.22	8.32	0.00	0.08
92	7.22	6.44	0.00	0.20
94	5.22	5.02	0.00	0.42
96	3.22	3.37	0.00	1.13
98	1.26	2.26	0.04	2.02
100	0.11	1.28	0.53	3.04
102	0.01	0.57	2.43	4.33
104	0.00	0.32	4.42	6.08

Estimated volume total, Calls 1 Puts 0
Previous day's open int: Calls 1,163 Puts 549

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Feb	Calls—Last Mar	Puts—Last Feb	Puts—Last Mar
17250	25.70	25.71	0.00	0.01
17500	23.20	23.23	0.00	0.03
17750	20.70	20.76	0.00	0.06
18000	18.20	18.32	0.00	0.12
18250	15.70	15.94	0.00	0.24
18500	13.20	13.54	0.00	0.34
18750	10.70	11.43	0.00	0.73
19000	8.20	9.36	0.00	1.16

Estimated volume total, Calls 10, Puts 3
Previous day's open int, Calls 397 Puts 463

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.5245	1.5280	1.5257	1.5260
June	1.5107	—	—	1.5115
Sept	1.4985	—	—	1.4995

Estimated volume 50 (49)
Previous day's open int 1,012 (1,009)

IMM—STERLING $ per £

	Close	High	Low	Prev
Mar.	1.5255	1.5295	1.5240	1.5230
June	1.5115	1.5170	1.5090	1.5090
Sept.	1.5030	1.5070	1.4950	1.4955

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS: 32,664

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

MONEY MARKETS

UK interest rates continue to fall

INTEREST RATES were lower in London yesterday, reflecting the market's growing optimism about an early cut in clearing bank base rates. Tuesday's better than expected PSBR figures were seen as giving the Chancellor the opportunity to cut both taxation and next year's borrowing requirement thus increasing the scope for lower rates. Yesterday's opinion poll which gave the Conservative Party a clear majority if repeated at a general election also improved sentiment.

UK clearing bank base lending rate 11 per cent since October 15

Three-month interbank money fell to 10¾-10⅝ per cent from 10¹³⁄₁₆-10¹¹⁄₁₆ per cent on Tuesday its lowest level since before base rates were increased to their current 11 per cent last October. One year money also eased, reflecting continued interest at the longer end, to 10½-10⅜ per cent from 10⅝-10⁷⁄₁₆ per cent.

Overnight interbank money opened at 11¼-11⅛ per cent and eased to 10½ per cent before moving up to 11 per cent. Further assistance in the afternoon saw rates fall to a low of 9½ per cent before moving up towards the close on late demand.

The Bank of England forecast a flat position with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £110m and a rise in the note circulation of a further £80m. These were offset by Exchequer transactions which added £110m and banks' balances brought forward £70m above target.

The forecast was revised to a shortage of around £150m and the Bank gave assistance in the morning of just £6m through outright purchases of eligible bank bills in band 2 at 10¹³⁄₁₆ per cent. Further help was given in the afternoon of £181m through outright purchases of £20m of eligible bank bills in band 1 at 10⅞ per cent, £151m in band 2 at 10¹³⁄₁₆ per cent and £10m in band 3 at 10¾ per cent. Total help came to £187m.

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb. 18) 3 months U.S. dollars		6 months U.S. dollars	
bid 6½	offer 6⅝	bid 6½	offer 6⅝

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	7½
Broker loan rate	7½
Fed. funds	6¹¹⁄₁₆
Fed. funds at intervention	6⅝

Treasury Bills and Bonds

One month	5.56	Three year	6.59
Two month	5.67	Four year	6.74
Three month	5.78	Five year	6.83
Six month	5.89	Seven year	7.10
One year	6.03	10 year	7.29
Two year	6.43	30 year	7.61

Feb. 18	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.75-3.85	3.65-3.80	3.80-3.95	3.90-4.05	3.90-4.10	5.0
Paris	8⅞-9	8⅜-8½	8⅜-8½	8⅜-8½	8⅝-8¾	8
Zurich	⅞-1⅛	3⅛-3¼	—	3⅜-3⁹⁄₁₆	—	—
Amsterdam	5¾-6	5⅜-5½	—	5⅜-5½	—	—
Tokyo	4.03125	4.34375	—	4.28125	—	—
Milan	11½-12	11½-12	—	11⅛-11⅜	—	—
Brussels	5.75	7¼-7⅜	—	7¼-7⅜	—	—
Dublin	13½-13¾	14¹¹⁄₁₆-14¼	14-14⅛	13¾-14	12⅞-13⅛	—

LONDON MONEY RATES

Feb. 18	Over-night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	11¼-9½	11¼-10⅞	11¹⁄₁₆-11¹⁄₁₆	10⅞-10⅝	10⁹⁄₁₆-10⅜	10½-10⅜
Sterling CDs	—	—	11¹⁄₁₆-11¹⁄₁₆	10¹³⁄₁₆-10⁹⁄₁₆	10⁷⁄₁₆-10⅜	10¼-10⅛
Local Authority Deposits	10⅞	11	11⅛	10⅝	10⅜	10⅜
Local Authority Bonds	—	—	11⅜	11	10¾	10½
Discount Market Deposits	11-10	11	10¹³⁄₁₆	10⅝	—	—
Company Deposits	11	11¼	11¼	10¾	10⅝	10⅜
Finance House Deposits	—	—	11⅛	10⅞	10½	10⅜
Treasury Bills (Buy)	—	—	10¹³⁄₁₆	10⁹⁄₁₆	—	—
Bank Bills (Buy)	—	—	10¹³⁄₁₆	10⅝	9¹⁵⁄₁₆	—
Fine Trade Bills (Buy)	—	—	11⅛	10¹³⁄₁₆	10⅜	—
Dollar CDs	—	—	6.5-6.45	6.50-6.45	6.50-6.45	6.60-6.55
SDR Linked Deposits	—	—	6⅛-6⅛	6⅛-6⅜	6⅜-6⅛	6⅛-6⅛
ECU Linked Deposits	—	—	7⅜-7⅞	7⅜-7⅞	7⅜-7⅞	7⅜-7⅞

Treasury Bills (sell); one-month 10²¹⁄₃₂ per cent; three-months 10⅜ per cent; Bank Bills (sell): one-month 10²¹⁄₃₂ per cent; three months 10¼-10⅜ per cent; Treasury Bills; Average tender rate of discount 10.4392 p.c. ECGD Fixed Finance Scheme IV reference date January 1 to 30 (inclusive): 11.098 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11½ per cent from February 1, 1987: Bank Deposit Rates for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 9½ per cent; one-three months 9½ per cent; three-six months 10 per cent; six-nine months 10 per cent; nine-12 months 10 per cent; Under £100,000 10 per cent from February 11. Deposits held under Series 5 10¼ per cent. Deposits withdrawn for cash 5 per cent.

LONDON SHARE SERVICE

BRITISH FUNDS

1986/87 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101¼	97½	Exch 10½pc 1987	99	....	10.57	10.94
100	93⅝	Funding 6½pc 85-87	99	+	6.54	9.77
101¼	96	Treas. 10pc 1987	99	+	10.01	10.27
98	90½	Treas 3pc 1987	98	+	3.05	7.46
104½	99½	Treas. 12pc 1987	101	+	11.86	10.11
99¼	92	Treas 7¾pc 1985-88‡‡	98½	+	7.87	9.49
104	96¼	Exch 10½pc '88	100	+	10.45	10.09
102⅝	95¼	Treas 9¾pc Cv '88	99	+	9.79	10.03
94	86⅝	Transport 3pc '78-88	94½	+	3.18	7.31
102½	93	Treas. 9½pc '88	99⅛	+	9.59	10.11
107	98	Treas 11½pc 1989	102¾xd	+	11.21	10.01
103½	93¼	Treas 9½pc Cnv 1989	99⅛	+½	9.60	10.02
92⅛	82	Treas 3pc 1989	91	+	3.29	7.34
105	95	Treas 10½pc 1989	101	+½	10.40	10.00
104	94⅛	Exch 10pc 1989	100	+½	10.01	10.03
107	97	Exch 11pc 1989	102	+	10.78	10.06
93	84½	Treas 5pc 1986-89	91⅞	+	5.44	8.48
110	94⅝	Exch 10¼pcCv '89	102⅛	+	10.02	9.28
114	103	Treas 13pc 1990‡‡	107	+	12.07	9.86
108¼	97¼	Exch 11pc 1990‡‡	102	+	10.71	9.91
113¼	101	Exch. 12½pc 1990	106 xd	+	11.71	9.92
89¼	79⅝	Treas. 3pc 1990	87	+½	3.43	7.46
100	89¼	Treas 8¼pc 1987-90‡‡	96½	+	8.56	9.52
106	93	Treas. 10pcCv 1990	100	+	9.99	9.96
86	76½	Exch 2½pc 1990	84	+½	2.96	7.31
112	99	Treas 11¾pc 1991	105	+	11.11	9.95
94¼	83	Funding 5¾pc '87-91‡‡	89⅝	+½	6.42	6.79
86¼	79	Treas. 3pc 1991	83½	+	3.60	7.66
102	95	Treas 10pc Cv '91	102	+	9.80	9.41
110⅝	96	Exch. 11pc 1991	104	+	10.59	9.93
118¾	103⅝	Treas 12¾pc 1992‡‡	111	+	11.49	9.68
		Five to Fifteen Years				
107⅞	92	Treas 10pc 1992	100 xd	+	9.94	9.83
109¼	94	Treas 10½pc Cv 1992‡‡	102	+	10.24	10.86
117¼	101	Exch. 12¼pc '92	109 xd	+	11.19	9.14
123¼	106⅞	Exch 13½pc 1992	114 xd	+	11.77	9.99
108	93	Treas 10pc 1993‡‡	100	+	9.97	9.93
120⅞	103½	Treas 12½pc 1993‡‡	111	+	11.19	9.96
92	78½	Funding 6pc 1993‡‡	85½xd	+	7.04	9.01
128¼	109	Treas 13¾pc 1993‡‡	127	+	11.67	10.04
133¼	113	Treas 14½pc 1994‡‡	122¼xd	+	11.86	10.00
127¼	108¼	Exch 13½pc 1994	117	+	11.53	10.08
42	39	Treas 10pcLn '94 (£40pd)	42	+	9.98	9.94
122¼	103½	Exch. 12½pc 1994	112½xd	+	11.11	10.07
104	86	Treas 9pc 1994‡‡	95	+	9.42	9.81
120¼	101	Treas 12pc 1995	110	+	10.87	10.05
79	68½	Exch 3pc Gas 90-95	77⅛	+	3.90	6.69
110½	92¼	Exch. 10¼pc 1995	101⅛	+	10.11	9.99
126¼	106	Treas 12¼pc 1995‡‡	115½	+	11.03	10.02
133¼	111	Treas. 14pc '96	122½	+	10.47	10.16
103⅞	86	Treas 9pc 1992-96‡‡	94 xd	+½	9.48	9.85
142¼	119⅝	Treas 15¼pc 1996‡‡	130	+	11.72	10.12
130½	108⅞	Exch 13¼pc 1996‡‡	119	+	11.13	10.02
84½	74½	Redemption 3pc 1986-96	82½	+	3.67	5.46
106⅞	90	Conversion 10pc 1996	99	+	10.02	10.01
131¼	108	Treas 13¼pc 1997‡‡	119⅝	+	11.07	10.06
112¼	93½	Exch 10½pc 1997	103 xd	+	10.19	10.01
101⅛	84	Treas 8¾pc 1997‡‡	92 xd	+½	9.44	9.87
143	118	Exch 15pc 1997	130	+	11.53	10.28
107⅞	89	Exch. 9¾pc 1998	98	+	9.90	9.979
68¼	72¼	Treas 6¾pc 1995-98‡‡	81½	+½	8.32	9.52
148⅞	123	Treas. 15½pc '98‡‡	135½	+	11.46	10.23
124¼	102	Exch. 12pc 1998	112	+	10.63	10.09
107¼	88	Treas 9½pc 1999‡‡	97	+	9.72	9.82
126½	104	Exch. 12¼pc 1999	115 xd	+	10.65	10.07
114	94	Treas. 10½pc 1999	104	+	10.11	9.94
112	92	Conversion 10¼pc 1999	102	+	10.04	9.94
103⅝	85¼	Conversion 9pc 2000‡‡	94¼xd	+	9.55	9.78
133½	110	Treas. 13pc 2000	121	+	10.74	10.09
111⅛	91	Treas 10pc 2001	101⅛xd	+	9.98	9.85
137¼	114¼	Treas. 14pc '98-01	124¾	+	11.21	10.21
109½	89⅞	Conversion 9¾pc 2001	99	+	9.82	9.84
		Over Fifteen Years				
124⅝	102	Exch. 12pc '99-02	113⅛	+	10.62	10.09
111¾	91	Conversion 10pc 2002	101	+	9.97	9.92
109⅞	89⅞	Treas 9¾pc 2002	99 xd	+	9.81	9.81
139	114	Treas. 13¾pc 2000-03	126	+	10.89	10.12
112½	91	Treas 10pc 2003	101 xd	+	9.84	9.80
123¼	101½	Treas. 11½pc 2001-04	111 xd	+	10.29	9.92
112½	91	Treas. 10pc 2004	101	+	9.82	9.77
60⅝	48	Funding 3½pc '99-04	54	+	6.46	8.47
108	88½	Conversion 9½pc 2004	97	+	9.71	9.74
108¼	88¼	Conversion 9½pc 2005	97	+	9.70	9.73
117⅞	96	Exch.10½pc 2005	106 xd	+	9.85	9.71
133¼	109	Treas. 12½pc 2003-05	121⅛	+1	10.30	9.86
95¼	77	Treas. 8pc 2002-06‡‡	85	+	9.30	9.59
107⅞	90¼	Conversion 9¾pc 2006	100¼	+	9.71	9.70
126¼	104	Treas. 11¾pc 2003-07	115	+	10.20	9.84
94¼	80⅞	Treas 8½pc 2007	90¼	+	9.42	9.59
25	24⅜	Treas. 9pc '08 (25pd)●	25½	+	9.49	9.56
143¼	117⅞	Treas. 13½pc '04-08	129⅞xd	+1	10.40	9.85
100	76⅝	Treas 8pc 2009	85¼xd	+	9.34	9.55
71⅞	56	Treas. 5½pc 2008-12‡‡	62⅞xd	+	8.75	9.33
93¼	74	Treas. 7¾pc 2012-15‡‡	83½	+	9.77	9.60
136	110	Exch. 12pc '13-'17	122¼	+1	9.33	9.48
		Undated				
47	38	Consols 4pc	41	+	9.59	—
42	33	War Loan 3½pc‡‡	36	+	9.48	—
53	45	Conv. 3½pc '61 Aft.	48	+	7.20	—
35¼	28½	Treas. 3pc '66 Aft.	31	+	9.53	—
29⅞	23	Consols 2½pc	25	+	9.76	—
29⅞	23	Treas. 2½pc	25⅞	+	9.66	—

Index-Linked

1986/87 High	Low	Stock	(b)	Price £	+ or –	(1)	(2)
127	115¼	Treas. 2pc '88	(297.1)	127½	.....	0.26	3.04
111	99	Do. 2pc '90	(333.9)	111¼	–	2.02	3.10
93½	93½	Do. 2pc '92●	(385.8)	93½			2.73
123⅝	108¼	Do. 2pc '96	(267.9)	123⅝xd	+	3.34	3.71
107½	94½	Do 2½pc '01	(308.8)	107⅛xd	+	3.45	3.70
107⅞	93⅝	Do. 2½pc '03	(310.7)	106	+	3.40	3.64
110⅝	96½	Do. 2pc '06	(274.1)	109		3.37	3.56
106	92	Do. 2½pc '09	(310.7)	104½	–	3.31	3.50
111¾	96¼	Do. 2½pc '11	(294.1)	109⅞xd	–	3.29	3.45
93⅞	80	Do. 2½pc '13	(351.9)	91	–	3.12	3.40
101¼	87	Do. 2½pc '16	(322.0)	99¼	–½	3.12	3.35
100	85⅝	Do. 2½pc '20	(327.3)	97	–½	3.09	3.31
84	77¼	Do.2½pc'24‡‡	(385.5)	82	–½		3.06

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for June 1986: 385.8 and for January 1987: 394.5.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

High	Low	Stock	Price	+ or –	Int.	Red.
116⅛	92⅝	African Dv Bk 11¼Ln 2010	102½	.....	10.84	10.81
111	88¼	Asian Dev Bk 10¼pcLn2009	98¼	.....	10.38	10.39
136½	111⅝	Australia 13½pc 2010	123	.....	10.98	10.78
119⅝	95⅝	Do. 11¼pcLn2015	106⅛	.....	10.69	10.65
117¼	95⅝	Euro Inv Bk 11pc Ln 2002	105¼	.....	10.45	10.31
112½	91	Do. 10½pc2004	100⅝	.....	10.31	10.29
127¼	105¼	Int-Am Dev Bk 12½pc 2003	115¼xd	.....	10.80	10.44
104½	84½	Do. 9¾pcLn 2015	94	.....	10.37	10.41
103	100	Int Bank 14pc Ln 1987	100	.....	13.94	9.71
93¼	81	Mlysia 10¾pcLn 2009	89¼	.....	12.05	12.15
103¼	93¼	Malaysia 12¼pc '88	101	.....	12.13	11.44
104⅞	101¼	NZ 14¼pc 1987	101	.....	14.05	9.96
116⅞	94¼	Do. 11¼pc 2008	104⅛	.....	10.78	10.72
119⅝	96¼	Do 11½pc 2014	106¼	.....	10.77	10.73
135⅞	112½	Sweden 13½pc Ln 2010	123⅝xd	.....	10.92	10.71
114¼	92⅞	Do 11pc Ln 2012	103xd	.....	10.68	10.65
103½	88	Utd. Mexican States 16½pc	101⅝xd	.....	16.23	15.19

CORPORATION LOANS

High	Low	Stock	Price	+ or –	Int.	Red.
112¼	103¼	Birmingham 13½pc 1989	106	+⅛	12.74	10.89
120¼	99½	Do. 11½pc 2012	109	+1⅛	10.55	10.47
103½	100	Burnley 13pc 1987	101	.....	12.89	10.81
92½	77¼	GLC 6¾pc 1990-92	85xd	.....	7.94	10.70
99⅞	93	Herts 6¼pc 1985-87	98xd	.....	6.89	10.00
135½	115	Leeds 13½pc 2006	123	.....	10.98	10.65
33	26	Liverpool 3½pc Irred.	27	.....	12.96	—
99	92	LCC 5½pc '85-87	99	+1	5.56	7.95
93½	82⅝	Do. 6¼pc '88-90	89xd	.....	7.58	10.70
31½	24⅛	Do. 3pc '20 Aft.	26xd	+1	11.59	—
118¼	98½	Manchester 11½pc 2007	107	.....	10.79	10.60

COMMONWEALTH & AFRICAN LOANS

High	Low	Stock	Price	+ or –	Int.	Red.
94¼	79	NZ 7¼pc 1988-92	85½	.....	8.48	11.00
201	190	S Rhod 2½pc Non-Asstd	190	.....	—	—
79	70	Do. 4½pc 87-92 Asstd.	75xd	.....	6.00	11.15
249	165	Zimbabwe Ann (£100pa)	170	.....	—	14.75

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

1986/87 High	Low	Stock
37⅛	28⅜	Chemical New York
50⅝	26⅜	Chesebrough-Pond's $1
33¼	19⅜	Chrysler $6¼
42¼	33¼	Citicorp $4
12⅛	704p	CityFed Fin. Corp.
31	21½	Colgate-Palmolive $1
962p	625p	Colt Inds. $1
25½	16⅛	Cons Freightwys $0.625
819p	348p	Contl Illinois Corp $1
89½p	17½p	Cont Illinois Hldgs $1
207p	39p	♥Corporate Data Servc.
13¼	435p	Cullinet Sftwr $0.1
287p	18p	Damson Oil 40c
27	17⅝	Dana Corp. $1
33⅝	18⅜	Data General
24½p	8½p	♥Derma-Lock Medical
82	55¼	Dun & Bradstreet $1
55⅛	42¼	Exxon Corpn. 50c
25½	18⅝	FPL Group $0.01
13¼	625p	Fairmont Financial
24	16⅞	First Chicago $5
52⅛	25¼	Ford Motor $2
29⅝	20	GATX 62½c
67⅝	47⅞	Gen. Elect. $1¼
16⅝	612p	♥General Host Corp $1
42	24	Gillette $1
15¼	10	Gt Am First Sygs Bk $1
35½	23¼	Gt. Western Fin. $1
25½	18½	Greyhound $1.50
20⅛	11½	Hasbro Inc $0.50
57¼	39⅝	Honeywell $1.50
28	20⅝	Hospital Corp Am $1
25¼	19⅛	Houston Inds Incl
112⅜	77⅝	IBM Corpn $1.25
19	12⅝	IC Industries
40⅞	25⅜	ITT Corpn. $1
51	34½	Ingersoll-Rand $2
16½	12½	Inmico $1
12⅛	806p	IU Intnl. $1.15
40⅞	29⅛	Lockheed Crpn. $1
25⅛	18⅝	Lone Star Inds $1
24⅝	15¾	Louisiana Land $0.15
28	15⅛	Lowe's 50c
38⅞	28⅞	Manuf. Hanover $7½
30¼	21¾	Merrill Lynch $1
46p	2p	♥Microcomputer Mems.
32	21½	Morgan (JP) $2.5
49	32⅝	NYNEX $1
28	20⅛	PHH
18½	13½	Pacific Gas & Elec $5
25⅞	20⅛	Pacificorp $3.25
41⅛	27	Pacific Telesis $0.10
22	14⅞	Pall Corp. 25c
57⅞	31½	Pennzoil 83c
27	20⅛	Pillsbury
36⅞	19¼	Quaker Oats $5
42	22⅝	RJR Nabisco Inc.
42⅝	26	Rep NY Corpn $5
17	942p	Rexnord $5
37	24¼	Rockwell Intl. $1
36	17	Sara Lee $1
13	10⅝	Saul (B. F.) $1
81¼	55¼	Southwestern Bell $1
41	29⅛	Sun Co. Inc. $1
74	57⅛	TRW Inc. $1¼
29	23⅛	Tenneco $5
177½	135	Do. 10pcLn.Stk. 91-5
25¼	18½	Texaco $6.25
60⅝	41⅞	Time Inc. $1
15⅝	11½	Tracor $0.33
27	21⅝	Transamerica $1
14⅞	781p	Transworld Corp $5
19⅝	10⅝	♥USX $1
17⅝	975p	Union Carbide $1
37⅝	26⅞	Utd. Technologies
41⅝	29⅝	US West
32	20⅛	♥Woolworth $3½

CANADIANS

1986/87 High	Low	Stock
32½p	20p	♥Abbot Energy Corp.
14¼	380p	♥Amer. Barrick Res.
19⅝	13⅛	Bk. Montreal
10½	575p	Bk. Nova Scot.
20¼	17⅝	BCE
918p	457p	♥Bow Valley
16⅞	11¼	♥Brascan
385p	235p	♥Breakwater Res.
11⅝	820p	Can.Imp.Bk. $2
11⅞	692p	Can. Pacific
39¼	35	Do. 4pc Deb £100
19	875p	♥Echo Bay Mines
490p	289p	♥Granges Explnl
33p	10p	♥Gt Pacific Res.
13	620p	♥Gulf Canada
15	10½	♥Hawker Sid Can
750p	100p	Henlys Group
15⅝	11	Hudson's Bay
29⅝	16¾	♥Imperial Oil
11⅛	731p	Inco
18½	550p	♥Intl. Corona Res.
701p	500p	♥Inland Nat. Gas $1
208p	122p	Muscocho Expln.
22⅝	752p	Ntnl Business Systms
13½	965p	♥Rio Algom
19⅛	13½	Royal Bk. Can.
45⅝	30¼	Seagram
14⅞	10½	Toronto-Dom. Bk.
988p	753p	♥Trans Can Pipe
223p	125p	Varity Corp

BANKS, HP & LEASING

1986/87 High	Low	Stock
297	185	ANZ $A1
£182½	£139¼	Algemene Fl.100
273	185	Allied Irish
90	63	Ansbacher (H.) 1p
£29	894	Banco Central SA
£39¼	890	Banco de Bilbao S.A.
£29½	£10¼	Banco de Santander
260	171	Bank Ireland Ir£1
£14	600	Bank Leumi
260	220	Bk. Leumi (UK) £1
466	365	Bank Scotland £1
80	47	Bank of Wales
589	433	Barclays £1
91	32	Benchmark 20p
700	410	Brown Shipley £1
146	91	Business Mort Tst.
422	268	Cater Allen £1
185	67	♯Chancery Securities
£23¾	£16¼	Commerzbk DM10
£28	£20⅞	C'hgn.Hbk.Kr100
£303½	£217½	Deutsche Bk DM50
179	91	English Trust
240	142	First Nat. Fin. 10p
132	102	FNFC 6.3pc CvRedPref
45¾	17½	First Pac Hldg. ($131)
385	240	Gerrard & National
210	75	Goode Durrant 5p
102	66	Guinness Peat
315	162	Hambros 20p
521	325	Hill Samuel
89½	53	HK & Shang. HK$2.50
520	318	Joseph (Leo) £1
198	136	King & Shaxson 20p
642	376½	Kleinwort, Benson L.
527	295	Lloyds £1
£15⅛	614	MCorp $5
438	280	Mercury Intl.
152	106	Do 6pc A Cnv Prf
673	420	Midland £1
516	353	Morgan Grenfell £1
320	203	Nat Austl. Bk. A$1
594	436½	Nat. West. £1
£127	£79	Ottoman Bank £20
86	55	Rea Bros. Group
156½	102	Rothschild (J) Hldgs
80	35	Do. Warrants
380	260	Royal Bk. of Scotland
825	581	Schroders £1
725	581	Do. £1 N/V
£27	£20⅛	Sec. Pacific $10
895	420	Standard Chartd. £1
102	72½	TSB
815	615	Union Discount £1
£39	£21	Wells Fargo $5
305	177	Westpac $A1

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

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MINES—Continued

O.F.S.

1986/87 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
303	105	Beatrix Mines	234	−11	Q65c	ϕ	8.6
953	444	F.S. Cons. Gold 50c	770	−51	Q335c	2.3	13.5
240	95	Free State Dev. 10c	223		Q15c	1.3	2.1
962	474	Harmony 50c	717	−18	†Q465c	3.0	11.9
245	98	Joel (H.J.) Gold R0.01	223		—	—	—
173	45	Do. Class A (1987) 0p	150½		—	—	—
193	50	Do. Class B (1988) 0p	170½	.....	—	—	—
481	179	Loraine R1	333	−13	Q150c	1.8	11.6
996	586	St. Helena R1	795	−58	Q430c	ϕ	16.4
601	313	Unisel	481	−17	Q190c	1.3	12.3

Diamond and Platinum

1986/87 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
£72¼	£32	Anglo Am. Inv. 50c	£71¼	.....	†Q810c	1.0	3.5
646	312	De Beers Dl. 5c	612	−14	†Q55c	5.1	2.9
490	275	Do. 40pc Pf. R5	375	.....	Q200c	ϕ	16.6
864	510	Impala Plat. 20c	775	−57½	†Q135c	2.5	5.5
700	410	Lydenburg 12½c	700xd	.....	Q104c	1.0	4.6
835	500	Rus. Plat. 10c	792xd	−9	†Q135c	1.6	5.3

Central African

1986/87 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
210	155	Falcon Z50c	173	−5	Q60c	ϕ	14.6
17	10	Wankie Col. Z$1	15	.....	†Q5c	13.6	14.0
16	10	Zam.Cpr.SBD0.24	11½	.....	—	—	—

Finance

1986/87 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
98	65	Afex Corp US $1.50	85	.....	Q7.5c	4.4	6.2
£13	350	Ang. Am. Coal 50c	£6¼		Q240c	3.5	11.9
£21¾	630	Anglo Amer. 10c	£10¼	−¼	†Q180c	2.0	5.5
£57½	£30⅝	Ang. Am. Gold R1	£49½	−2½	†Q1450c	1.1	9.1
£40	£21	Anglovaal 50c	£38	...	†Q450c	3.5	3.7
33	11	Clogau Gold 10p	24	−1½	—	—	—
129	70	Cons Afex Corp US$8	90	...	Q5c	ϕ	4.2
770	409	Cons. Gold Fields	727	−11	24.5	1.3	4.7
920	425	Gencor R1	854	...	Q195c	1.2	7.1
£10¼	590	Gencor 40c	940	.....	†Q195c	2.2	6.5
35	19	Gold & Base 12½p	28	...	—	—	—
£10½	525	Gold Fields S.A. 5c	966	−46½	†Q160c	2.0	5.2

Australians

1986/87 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
512	225	Renison 50c	504	+1	nQ15c	1.3	1.3
30	4	Samson Expl'n. NL	21	−1	—	—	—
415	143	Sons Gwalia NL	370	.....	Q32.5c	1.9	3.8
22	8½	Sthn. Goldfields	17	.....	Q1.5c	2.0	3.8
12½	6½	Southern Pacific	9	.....	—	—	—
86	41	Southern Res.	80	−3	—	—	—
12½	3	Southern Ventures 25c	12	+½	—	—	—
32	10	Spargos Expl'n.	25	−1	—	—	—
21	5½	Swan Res 20c	17	.....	—	—	—
34	11	Thames Mining A$0.25	24	−2	—	—	—
79	37	Utd Goldfields NL	79	.....	Q5c	3.1	2.7
33	11	West Coast 25c	19	.....	—	—	—
279	113	Westn. Mining 50c	245	+2	Q6c	1.2	1.0
276	82	Whim Creek 20c	247	−8	Q11c	16.4	1.9
64	20	Windsor Res NL	63	.....	—	—	—
21	4½	York Resources	15	.....	—	—	—

Tins

1986/87 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
195	120	Ayer Hitam $M1	150	.....	vQ80c	0.7	13.8
72	19	Geevor	34	+2	—	—	—
83	35	Gopeng Berhad M$0.50	60	.....	g$0.16	ϕ	9.3
87	17½	Jantar 12½p	66	.....	2.5	0.1	5.3
58	15	Malaysia Mng. 10c	55	+2	‡vQ2c	2.8	‡
17	17	Pahang	17#	.....	—	—	—
130	80	Petaling $M1	125	.....	vQ10c	—	2.1
130	70	Sungei Besi $M1	85	.....	—	—	—
150	90	Tanjong 15p	90	.....	—	—	—
140	75	Tronoh $M1	110	.....	‡vQ45c	0.8	‡

Miscellaneous

1986/87 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
147	30	Anglo-Dominion	96	−2	—	—	—
80	21	Colby Res Corp.	34	+4½	—	—	—
300	115	Cons. Murch. 10c	£1¾	.....	Q60c	4.4	10.6
48	24	Ennex Int. Ir10p	43	+1	—	—	—
175	70	Greenwich Res.	160	−2	—	—	—
327	165	Highwood Res.	224	−2	—	—	—
£20¼	£13⅛	Homestake Mining $1	£17¾	−¼	Q20c	—	0.8
310	150	McFinley Red Lake	167	.....	—	—	—
285	70	Musto Explorations	116	+30	—	—	—
51	28	New Sabina Res C$1	45½	.....	—	—	—
404	200	Northgate C$1	363	−11	—	—	—
790	513	RTZ	757	−3	22.0	2.4	4.1
£164	£115	Do. 9½pcLn '95-2000	£155¾	+½	Q9½%	15.5	6.2

THIRD MARKET

1986/87 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
232	180	Abelscot Group 10p	224	.....	3.2	—	2.0	—
50	10	Aberdeen Am Pet 10p	33	.....				
120	113	Allied Ins. Brokers	118	.....	L3.5	2.5	4.2	13.7
54	36	Catalyst Comm. 5p	45	.....	—	—	—	—
62	50	Corton Beach 10p	60	+1	—	—	—	29.8
63	10	Eglinton Oil Ir.5p	54	+2	—	—	—	—
41	8	Do. Warrants	35	+2	—	—	—	—
20	17	Publishing Hldgs.5p	28	+1	—	—	—	11.6
55	47	Theme Holdings	49	.....	—	—	—	—
133	118	Unit Group	129	.....	R4.6	2.5	5.4	(8.5)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsetable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ÷ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- || No par value.

B.Fr. Belgian Francs. Fr. French Francs. ϕϕ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	72	+2	Fin. 13% 97/02	£99¾	.....
Craig & Rose £1	£14¼	+½	Arnotts	360	+20
Finlay Pkg. 5p	59	.....	CPI Hldgs	58	.....
Holt (Jos) 25p	855	.....	Carroll Inds.	143	+3
IoM Stm. £1	78	.....	Dublin Gas	10	.....
			Hall (R. & H.)	105	.....
IRISH			Heiton Hldgs.	32	.....
Fund 11¼% 1998	£97⅝	+⅛	Irish Ropes	172	.....
Nat. 9¾% 84/89	£93½	+⅛	Unidare	360	.....

LONDON STOCK EXCHANGE

Account Dealing Dates			
Option *First Dealings	Declarations	Last Dealings	Account Day
Feb 9	Feb 19	Feb 20	Mar 2
Feb 23	Mar 5	Mar 6	Mar 16
Mar 9	Mar 19	Mar 20	Mar 30

* New time dealings may take place from 9.00 am two business days earlier.

Euphoria continues and another strong equity upsurge spurs bond market into action

The relentless drive forward by London share prices since the turn of the year showed no sign of losing momentum yesterday. For the third successive day the main indices broke new ground and, on this occasion, the bond market also celebrated with sharp gains. Although leading equities backtracked from the highest levels, the FT-SE 100 share index homed in on 2000 and extended the gain over the past seven weeks to 273 points.

Hopes of a Budget combining tax cuts and lower interest rates, the main reason for the market's euphoric tone, strengthened after enthusiastic comment on Tuesday's PSBR news. The healthy state of the Government's finances led to a leading securities house suggesting that the temptation for the Prime Minister to achieve her goal of a 25p standard rate of tax was overwhelming. This would entail a reduction of 4p, or double the amount thought possible a few weeks ago.

A Times/MORI poll favouring the Government for a third term in office and Wall Street's strong upsurge on Tuesday were other stimulants.

Once again, business was largely UK-inspired and there were signs that some UK funds were liquidating European investments in order to re-invest the proceeds in domestic equities. US and Japanese support for favourites such as **Wellcome**, **Glaxo** and **Saatchi and Saatchi** was noted but the larger interest was shown by UK investors. Next week's TV campaign—Aids Week—encouraged fresh interest in the first-named stock.

Late profit-taking took leading stocks away from the highest levels but the FT-SE 100 share index still closed 10 up at 1,952.0, after 1,977.4, but the FT Ordinary share index advanced only 2.7 more to 1,555.0.

Government bonds shook off the recent torpor. To satisfy revived UK and overseas demand, the authorities were called upon to supply stock and the long tap, £25-paid Treasury 9 per cent 2008, was activated three times at prices ranging from 25.04 to 25.12. Sterling's good performance underpinned the brighter trend, despite easier crude prices. Oil ministers of four Gulf states meet on Sunday to discuss developments in the oil market.

Longer-dated Gilts were a full point up before the US bond market opened. Resumed easiness in the T-bond awaiting today's important US GNP figures and Paul Volcker's key speech caused Gilt-edged quotations to ease but they edged better again later. Index-linked issues suffered as professional operators realised profits and switched attention to conventional stocks. Longer issues lost ½ while near-dates recovered following the allotment details of the new stock, Treasury 2 per cent 1992. Applications for the £400m issue were met in full at a tender price of £93½.

Clearers below best

Buying of the major clearing banks in anticipation of the forthcoming dividend season continued. Best levels were not held, but nevertheless **Midland** closed with a fresh improvement of 7 at 664p, after 673p. NatWest, scheduled to report preliminary figures on Tuesday, put on 5 to 634p while **Barclays** appreciated 4 at 569p. Elsewhere, **Bank of Scotland** rose 6 to 459p and **Royal Bank of Scotland** added 7 at 327p. The prospect of lower interest rates helped **Union Discount** advance 15 to 753p and **Gerrard and National** put on 8 at 322p. Merchant banks attracted useful support with **Kleinwort Benson**, still reflecting BZW and Lang and Cruickshank recommendations, at 630p, up a further 15. Revived speculative buying lifted **Mercury International** 17 to 365p and **Hill Samuel** 8 to 461p.

Closing levels among Composite Insurances were well below the best. **Sun Alliance** still managed a fresh improvement of 30 at 789p, after 793p, while **GRE** added 19 at 919p, after 923p, and **General Accident** put on 20 at 979p, after 985p. **Royals**, due to report preliminary figures next Thursday, touched £10$\frac{1}{16}$ before closing unaltered at £10. **Commercial Union** moved up to 358p bid at the outset amid continuing bid speculation, but later drifted lower in the absence of any takeover developments to close a net 4 lower on balance at 352p.

Market newcomer **British Airways** were active—some 79m shares changed hands—and, with institutional demand outstripping further small sales, the price touched 113p prior to closing 4 higher at 109½p.

Gains in the Brewery leaders were limited to a few pence at the close of the trading session. Guinness, however, up a few pence at one stage following confirmation of the appointment of Mr Anthony Tennant as chief executive, settled a penny easier on the day at 305p. Elsewhere, H. P. Bulmer continued in demand and put on 9 to 169p.

Although below the best at the close, leading Buildings still displayed several outstanding gains. Demand persisted for **Tarmac** which touched 562p prior to settling 16 higher at 554p. **BPB Industries** gained 13 more to 653p, while **Rugby Portland Cement**, still reflecting a broker's recommendation, firmed 3 more to 215p. **George Wimpey** were up 5 at 239p, while **John Mowlem**, still on overseas demand, rose 10 more to 448p. **McCarthy and Stone** were a strong market and closed 32 up at 392p, while **Arncliffe** put on 8 to 105p following the return to profitability. **Alfred McAlpine**, annual results due next Tuesday, advanced 18 to 484p, while **Higgs and Hill** jumped 20 to 615p in a restricted market. **Meyer International** revived strongly in the Timber sector, rising 27 to 360p reflecting takeover speculation.

Wall Street's overnight surge sparked fresh domestic and overseas demand for **ICI** which traded within a whisker of £14 easing back late to close ⅛ off at £13⅝. Elsewhere in the Chemical sector, recently overlooked **Coalite** revived with a gain of 14 at 332p, after 338p, while **Anchor** firmed 6 to 301p in a limited market. **Laporte** rose 8 to 488p and **Wardle Storeys** 5 to 405p.

Stores good gain

Budget tax-cut hopes and lower interest rate expectations continued to drive leading Stores forward. **Dixons**, also reflecting the US acquisition of Cyclops Corporation, advanced 5 more to 374p, after 380p, while **Sears** firmed 2½ afresh to 136½p, after 138½p, with sentiment here helped by press suggestions of a possible bid from Hanson Trust. **Woolworth** added 5 at 763p and **Marks and Spencer** hardened a penny at 214p, after 218p. **Storehouse**, on the oher hand, came on offer at 293p, down 10. Elsewhre, **Ratners** jumped 7 further to 295p, after 303p, following an analysts' meeting at County Securities. **Moss Bros** greeted news of the planning permission given for the redevolopment of its Covent Garden HQ and flagship store with a gain of 40 to 620p. **Freemans** rose 14 to 450p and improvements of 6 and 8 respectively were seen in **Etam**, 234p, and **Ernest Jones**, 125p. **Lee Cooper**, a strong market of late on hopes of a bid from Compagnie de Navigation Mixte SA(reacted 25 to 393p on profit-taking.

Leading Electricals failed to participate in the general euphoria with dealers taking a cautious view ahead of today's third-quarter figures from **Plessey**, a penny dearer on balance at 209p; brokers Flemings forecast pre-tax profits of £44m. **Thorn EMI** met with profit-taking and closed 7 lower at 567p. Elsewhre, speculative buying lifted **Crystalate** 16 to 279p and **Eurotherm** 18 to 370p, while **Applied Holographics** moved up 7 to 410p in response to an investment recommendations. **United Scientific**, still reflecting a Chase Manhattan circular, gained 5 afresh at 207p, after 210p, and old takeover favourite **Holmes Protection** closed 8 to the good at 144p. **IBL**, a strong market of late on hopes of a substantial West German acquisition, fell 10 to 80p following profit-taking.

Vickers continued to make headway in anticipation of next Monday's preliminary statement and put on 3 further to 513p. Among the other Engineering leaders, **Hawker** settled 5 to the good at 553p and **GKN** 3½ dearer at 336p. **Desoutter**, reflecting a newsletter recommendation, advanced 10 to 255p. Persistent demand left **Laird Group** 16 to the good at 295p, but **Glynwed** settled well below the best with a gain of 4 at 382p, after 389p. **F. S. Ratcliffe** firmed 5 to 123p on the agreement to acquire the business and assets of Smith Springs (Rochdale).

Early gains in the Food sector were pared and occasionally replaced by falls on balance as the market turned easier late. **Cadbury Schweppes** were a shade firmer at one stage, but fell back to close 4 cheaper on the day at 254p. **Rowntree Mackintosh** saw a rise of 10 eroded and the close was unchanged at 488p. Profit-taking clipped a couple of pence from **Rank Hovis McDougall** at 327p. **Hillsdown** firmed 2 to 258p; the annual results are expected early next month. Elsewhere, **Squirrel Horn** attracted renewed demand and rose 10 to 112p, while **Park Food** gained 18 to 220p. **Geest** were also firm at 226p, up 7 and **Associated Fisheries** put on 7 to 135p.

Trusthouse Forte, especially firm in recent days on speculation about a possible consortium bid for the company, reacted sharply on profit-taking to close 8 lower on balance at 214p. On the other hand, takeover hopes boosted **Norfolk Capital** 1 to 31p, after 32½p.

Wellcome feature again

Wellcome, sustained afresh by further prominence given to the fast growing Anti-Aids campaign, encountered renewed strong buying, mainly from the US, and advanced further to 451p, before profit-taking clipped the price back to 419p, for a rise of 13 on the day. In contrast, **London International** ran into a fresh round of profit taking and reacted 25 to 361p. Among other international stocks, **Glaxo** finished well below the best at £14$\frac{3}{16}$ up $\frac{3}{16}$ on the day; the company is taking steps to obtain a full listing on the New York Stock Exchange in the form of ADRs and is also considering a Tokyo listing. **Reuters B** were also outstanding at 674p, up 32, but **Beecham** settled only 2 better at 532p, after 541p. Elsewhere in the miscellaneous industrial sector, double figure gains were numerous. **Steetley** were prominent at 564p, up 31p, while rises of around 15 and sometimes more were recorded in **Associated British Ports**, 460p, **Scapa**, 297p, **F. H. Tomkins**, 257p, and **Turner and Newall**, 259p. **Chamberlain and Phipps**, reflecting the company's strong rejection of the bid from Wardle Storeys, closed 10 higher at 140p, but **London and Northern** gave up 6 to 66p on the latest developments in the Demerger Two takeover situation. **Ricardo**, still unsettled by the fall in half-year earnings, reacted afresh to 130p, down 6. Further profit-taking left **Jacksons Bourne End** 15 lower at 475p, but **Highgate and Job** moved up 25 to 205p on the announcement that Robert Fraser and Partners had increased their holding in the company to 37.63 per cent.

Among Leisure issues, **International Leisure** made a bright showing and rose 11 to 151p, while **Brent Walker**, recently the subject of favourable comment, gained 12 more to 340p. TV shares continued to make progress on increased advertising revenue hopes.

Jaguar regained the limelight in the Motor sector, pushing ahead on a combination of domestic and overseas demand to touch 629p prior to closing 22 higher at 623p. **Lucas** finished 10 up at 613p, after 624p. Among Distributors, **Glanfield Lawrence** gained 5 to 110p on property injection hopes.

Saatchi were well to the fore and closed 30 higher at 893p, after 916p, on US buying in a firm Paper/Printing sector. **Hunterprint** put on 13 at 391p and **Jefferson Smurfitt** appreciated 15 at 457p.

Properties continued to trade firmly, but closed a shade below the best. **Land Securities** were again in demand at 368p, up 4 on the day, while **MEPC** hardened a couple of pence to 367p, after 370p. **Slough Estates** were a particularly good market and gained 8 to 200p on talk of a broker's circular, while **Peachey** firmed 3 to 323p following the interim figures. Elsewhere, profit-taking left recent takeover favourite **Marler Estates** 18 lower at 815p, but **Berkeley and Hay Hill** made fresh progress following a broker's lunch and closed ½ up at 24¼p. **Rosehaugh** revived with a gain of 17 at 695p. **Citygrove**, which recently revealed excellent results, attracted fresh support and rose 17 to 143p, while **Southend Stadium** advanced 30 to 416p. Profit-taking left its mark on recently-buoyant estate agents, **Hanover Druce** losing 15 to 250p.

A rise of 16 to 205p in **John Crowther** was largely the result of a bear squeeze. Elsewhere in Textiles, **Lister** advanced to 195p in the early stages on hopes of early news regarding the sale of an Oxford Street property, but later reacted sharply on profit-taking to close unaltered on balance at 180p. **Bats** rose a further 17 to 561p, after 568p, on US support among Tobaccos.

Burmah gain ground

The oil sctor made progress during the morning, but encountered a flurry of selling late in the day when crude oil prices approached the $17 a barrel level in response to weakness in oil futures and news that oil ministers from Saudi Arabia, Qatar, Kuwait and the UAE are meeting on Sunday.

Up to 773p soon after the start of trading, **BP** subsequently ran back to close 2 down on balance at 764p in front of today's fourth quarter results. **British Gas** edged higher to 73¾p prior to settling unchanged on the day at 73p after a turnover of 63m shares. **Britoil** were finally 2 lower at 180p, after 185½p, but a visit by leading analysts to IC Gas' Calor subsidiary triggered strong demand for **IC Gas** which touched 640p before closing 2 firmer at 633p. A buy recommendation from Wood Mackenzie sparked off a flurry of support for **Burmah Oil**, 25 to the good at 437p, after 442p. Elsewhere, **Conroy Petroleum and Natural Resources**, which made a zinc discovery in the Republic last year, moved up 8 to 118p.

Mining markets took another hammering from the latest upward spiral in New York and London equity markets which continued to erode remaining interest in precious metal shares. Wall Street's biggest ever points gain saw the bullion price retreat overnight to around $392 and London carried on in the same vein, with the metal price dipping to $390 at the afternoon fixing. Added downward pressure on gold came from a further slide in crude oil prices which threatened the $17 a barrel level.

South African Golds were on a downward trend from the outset, reflecting overnight American selling, and continued lower throughout the day. Dealers were at pains to emphasise the lack of selling pressure and reported only minimal sales from international sources. In an effort to establish a trading level shares prices were market progressively lower until steadying after-hours.

The Gold Mines index dropped 12.7 to 293.0—its lowest level this year and a decline of 27.7 over the past five trading days. Bullion closed a net $5 off at $390.25 an ounce.

Platinums were equally depressed with the metal price mirroring the fall in bullion.

The weakness of Golds and Platinums spilled over into Financials where South Africans showed **De Beers** 14 down at 612p and **GFSA** 46½ easier at 966p. Of the UK issues, **Consolidated Gold Fields** continued their recent slide and gave up 11 to 724p. The interim results are scheduled for March 4.

FINANCIAL TIMES STOCK INDICES

	Feb. 18	Feb. 17	Feb. 16	Feb. 13	Feb. 12	Year ago	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Government Secs	86.74	86.12	86.08	86.18	85.86	84.00	94.51 (18/4/86)	80.39 (20/1/86)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	93.46	93.06	92.93	92.82	92.73	88.93	97.68 (7/7/86)	86.55 (23/1/86)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,555.0	1,552.3	1,542.0	1,521.0	1,501.0	1,235.1	1,555.0 (18/2/87)	1,094.3 (14/1/86)	1,555.0 (18/2/87)	49.4 (26/6/40)
Gold Mines	293.0	305.7	306.3	318.7	319.0	326.3	357.8 (22/9/86)	185.7 (18/7/86)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.65	3.66	3.68	3.75	3.78	4.22				
Earnings Yld.%(full)	8.59	8.62	8.68	8.81	8.90	10.19				
P/E Ratio (net) (*)	14.26	14.21	14.13	13.91	13.77	12.24				
SEAQ Bargains (5 pm)	63,092	55,635	48,129	41.120	44,204	—				
Equity Turnover (£m)	—	1,520.06	1,281.82	1,355.11	1,484.53	982.34				
Equity Bargains	—	76,701	62,498	55,809	65,420	40,061				
Shares Traded (ml)	—	682.4	563.3	499.1	5201	438.7				

S.E. ACTIVITY

Indices	Feb. 17	Feb. 16
Gilt Edged Bargains	133.9	150.5
Equity Bargains	497.0	405.0
Equity Value	3072.4	2590.9
5-Day Average		
Gilt Edged Bargains	132.8	134.6
Equity Bargains	414.8	395.8
Equity Value	2920.1	2657.4

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1567.2	1563.9	1571.5	1571.0	1568.9	1568.4	1573.0	1560.2

Day's High 1573.3. Day's Low 1554.9

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=13.72.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

Traditional Options

- First dealings
  Feb 2 Feb 16 Mar 2
- Last dealings
  Feb 13 Feb 27 Mar 13
- Last declaration
  May 7 May 28 June 11
- For Settlement
  May 18 June 8 June 22

For rate indications see end of Unit Trust Service

Call options were taken out in Aran Energy, TV-am, Morgan Grenfell, BSG International, Sangers, Rotaprint, Atlantic Resources, Abaco, James Neill, Microfocus, British Island Airways, Wellcome, Hawthorn Leslie, Silentnight, British Benzol, Brent Walker, SI Group, Aurora, STC, Eglinton, Conroy Petroleum, Parkfield, Mellerwear, Laird Group, Corah, Berkeley and Hay Hill, Metal Closures and Sears. No puts were reported, but double options were arranged in Magnet and Southerns and Rotaprint.

NEW HIGHS AND LOWS FOR 1986-87

NEW HIGHS (286)

BRITISH FUNDS (3), AMERICANS (7), CANADIANS (2), BANKS (2), BREWERS (3), BUILDINGS (18), CHEMICALS (15), STORES (17), ELECTRICALS (14), ENGINEERING (10), FOODS (9), HOTELS (1), INDUSTRIALS (47), INSURANCE (5), LEISURE (7), MOTORS (6), NEWSPAPERS (3), PAPER (10), PROPERTY (17), SHOES (2), SOUTH AFRICANS (1), TEVTILES (3), TRUSTS (77), OILS (1), OVERSEAS TRADERS (2), PLANTATIONS (1), MINES (2), THIRD MARKET (1).

NEW LOWS (2)

ELECTRICALS (1) Kewill Systems, TRUSTS (1) India Fund.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	5,000	159½	+1½	Ladbroke	773	442	−5
Allied Lyons	3,250	373	—	Land Securities	2,200	368	+4
Amstrad	13,000	163	+5	Legal & Gen.	1,900	303	−7
Assoc. Brit. Foods	2,200	340	−1	Lloyds Bank	2,900	519	—
BAT	7,900	561	+17	Lonrho	3,300	271	+1½
BET	1,300	515	+4	Marks & Spncr	9,100	215	—
BOC	2,200	466	+6	Midland Bank	2,500	664	+7
BPB Inds	849	653	+13	NatWest Bank	2,500	634	+5
BTR	3,900	317	+3	Pearson	793	566	−3
Barclays	3,200	569	+4	P & O	1,835	627	+8
Bass	509	856	+4	Pilkington Bros	4,800	723	+7
Beecham	5,700	532	+2	Plessey	2,700	209	+1
Blue Circle	1,900	706	+3	Prudential	1,750	922	+12
Boots	2,700	294	—	Racal	10,000	223	−1
Brit. Airways	78,500	109½	+4	Rank Org.	926	652	+5
Brit. Aero	1,500	673	−2	RHM	487	327	−2
Brit. Gas	63,000	73	—	Reckitt & Col	229	£10$\frac{5}{16}$	+$\frac{1}{16}$
Britoil	1,900	181	−2	Redland	825	490	+3
BP	3,400	761	−2	Reed Intl.	2,300	449	+2
Brit. Telecom	10,000	239	+2	Reuters	1,800	674	+32
Burton	6,500	282	+2	RTZ	1,000	757	−3
Cable & Wire	6,900	387	−2	Rowntree Mac	2,200	488	—
Cadbury Schwps	5,500	254	−4	Royal Insurance.	1,000	997	−3
Coats Viyella	236	594	−1	STC	2,500	225	−4
Comm. Union	8,700	352	−4	Saatchi & Saatchi	2,600	893	+30
Cons. Gold	824	727	−11	Sainsbury	619	482	+3
Cookson	277	516	+10	Scott & Newcastle	3,100	230½	+3½
Courtaulds	2,600	410	−1½	Sears	20,000	136½	+2½
Dee Corp.	4,400	243	+4	Sedgwick	1,200	317	−2
Dixons Grp	8,500	374	+5	Shell Trans	3,000	£10⅝	−⅛
Fisons	1,300	658	+14	Smith & Nephew	7,400	160	+1
Gen. Accident	591	979	+20	Standard Chart.	115	764	−4
Gen. Elect.	9,400	219	—	Storehouse	3,900	293	−10
Glaxo	2,300	£14$\frac{3}{16}$	+$\frac{3}{16}$	Sun Alliance	1,100	789	+30
Granada	1,100	329	+2	TSB	9,300	79½	—
Grand Met	3,000	507	−1	Tarmac	2,500	554	+16
Gus "A"	871	£12½	+$\frac{3}{16}$	Tesco	1,850	459	−1
Guardian R.E.	461	919	+19	Thorn EMI	2,700	567	−7
GKN	1,500	336	+3½	Trafalgar House	5,000	325	−2
Guinness	6,200	305	−2	T'house Forte	8,900	214	−8
Hanson Trust	12,919	167	—	Unilever	1,200	£23$\frac{13}{16}$	+$\frac{1}{16}$
Hawker Sidd	1,500	553	+5	United Biscuits	2,100	290	−1
Hillsdown Hlgs	3,200	258	+2	Wellcome	13,000	419	+13
ICI	2,800	£13⅝	−⅛	Whitbread 'A'	1,100	318	+3
Imp. Cont. Gas	2,000	633	+2	Woolworth	1,300	763	+5
Jaguar	3,700	623	+22				

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	101	7	5
Corporations, Dominion and Foreign Bonds	14	0	56
Industrials	715	309	512
Financial and Properties	295	71	221
Oils	35	31	46
Plantations	4	0	10
Mines	20	77	84
Others	103	34	55
Totals	1,287	529	989

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed Feb 18 1987 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Tues Feb 17 Index No.	Mon Feb 16 Index No.	Fri Feb 13 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (208)	834.20	+1.1	7.63	3.16	16.59	0.98	825.48	820.82	811.12	653.84
2	Building Materials (27)	1026.80	+1.7	7.62	3.17	16.48	0.56	1009.25	998.52	985.48	692.00
3	Contracting, Construction (28)	1419.94	+1.4	6.78	3.30	20.32	0.90	1400.06	1384.54	1370.84	1020.07
4	Electricals (12)	1986.88	+0.1	7.58	3.95	16.93	0.44	1984.04	1983.96	1960.59	1783.06
5	Electronics (38)	1841.84	+0.2	8.05	2.25	16.40	5.85	1837.78	1826.73	1809.72	1653.06
6	Mechanical Engineering (61)	476.86	+0.7	8.43	3.49	15.15	0.58	473.66	469.41	462.21	358.54
8	Metals and Metal Forming (7)	433.69	+0.8	8.37	3.44	14.51	0.00	430.10	426.72	421.38	290.18
9	Motors (15)	330.56	+2.4	8.35	3.17	13.81	0.00	322.86	321.43	316.26	262.52
10	Other Industrial Materials (20)	1420.38	+1.3	6.28	3.85	19.02	0.17	1401.60	1409.31	1395.68	1152.92
21	CONSUMER GROUP (186)	1141.83	+0.6	6.44	2.78	19.97	1.69	1135.18	1119.30	1099.02	826.39
22	Brewers and Distillers (22)	1054.06	+0.2	8.11	3.29	15.51	0.00	1051.89	1043.88	1025.42	826.50
25	Food Manufacturing (25)	863.28	+0.3	7.74	3.29	16.99	1.30	860.46	857.26	840.50	592.29
26	Food Retailing (16)	2118.12	+0.6	6.35	2.57	21.89	9.56	2105.03	2077.39	2059.80	1774.45
27	Health and Household Products (10)	2220.38	+1.7	4.28	1.71	27.09	0.02	2184.31	2146.05	2080.97	1403.03
29	Leisure (31)	1151.80	−0.6	6.54	3.60	20.14	7.39	1158.82	1145.29	1134.91	850.45
31	Packaging & Paper (14)	597.24	−0.2	5.92	2.80	21.93	0.38	598.49	590.59	580.33	418.06
32	Publishing & Printing (14)	3683.48	+1.0	5.51	3.10	23.32	3.41	3648.37	3522.85	3446.03	2067.67
34	Stores (37)	960.17	+0.5	6.67	2.82	20.36	1.24	955.34	939.91	926.69	787.07
35	Textiles (17)	692.02	—	7.54	2.93	15.26	0.00	691.84	676.52	669.33	451.70
40	OTHER GROUPS (88)	968.05	+0.9	8.00	3.46	15.50	0.89	959.24	947.40	935.72	744.32
41	Agencies (17)	1350.89	+3.2	4.62	1.83	29.30	0.45	1308.82	1298.39	1280.77	0.0
42	Chemicals (21)	1260.50	−0.1	7.04	3.35	17.30	2.85	1261.97	1240.15	1226.34	830.35
43	Conglomerates (13)	1267.00	−0.1	6.91	3.45	17.11	0.15	1267.85	1266.33	1232.51	0.0
45	Shipping and Transport (11)	1901.43	+1.6	7.06	4.18	17.16	0.00	1871.05	1865.20	1845.03	1481.28
47	Telephone Networks (2)	957.05	+0.5	9.77	4.03	13.95	1.09	951.83	940.75	944.91	872.56
48	Miscellaneous (24)	1344.87	+2.2	9.09	3.13	12.39	0.40	1315.42	1286.07	1253.22	921.55
49	INDUSTRIAL GROUP (482)	1027.37	+0.8	7.17	3.06	17.67	1.29	1019.28	1007.59	992.52	770.02
51	Oil & Gas (18)	1601.92	−0.4	10.59	5.67	11.94	0.00	1608.70	1621.88	1613.92	1096.95
59	500 SHARE INDEX (500)	1075.27	+0.6	7.62	3.40	16.62	1.17	1068.52	1059.06	1044.66	799.18
61	FINANCIAL GROUP(117)	694.81	+0.7	—	4.05	—	0.52	689.65	683.83	675.19	547.71
62	Banks (8)	765.82	+0.6	16.60	4.80	8.27	0.69	761.37	748.64	739.71	542.58
65	Insurance (Life) (9)	991.33	+0.3	—	3.91	—	0.00	988.31	988.30	980.04	808.59
66	Insurance (Composite) (7)	554.47	+1.2	—	3.91	—	0.00	547.89	539.96	529.43	440.52
67	Insurance (Brokers) (9)	1200.97	−0.2	8.02	4.41	16.22	1.31	1203.47	1208.97	1193.36	1276.43
68	Merchant Banks (11)	377.91	+1.5	—	3.04	—	0.02	372.43	370.36	365.39	318.43
69	Property (47)	882.26	+1.0	5.44	3.33	23.95	0.42	873.48	874.29	864.11	720.76
70	Other Financial (26)	427.73	+0.8	7.46	3.57	17.12	1.46	424.19	421.05	416.45	315.57
71	Investment Trusts (96)	962.62	+1.0	—	2.40	—	0.99	953.07	945.51	935.05	682.16
81	Mining Finance (2)	369.47	−0.8	8.29	4.35	14.18	0.00	372.55	373.74	368.99	260.09
91	Overseas Traders (12)	863.47	+0.8	9.34	5.18	13.00	0.00	856.85	855.85	852.06	651.75
99	ALL-SHARE INDEX(727)	971.13	+0.7	—	3.48	—	0.98	964.86	956.60	943.92	726.46

	Index No.	Day's Change	Day's High	Day's Low	Feb 17	Feb 16	Feb 13	Feb 12	Feb 11	Year ago
FT-SE 100 SHARE INDEX ‡	1952.0	+10.0	1977.4	1952.0	1942.0	1925.8	1898.1	1878.6	1895.8	1491.4

FIXED INTEREST

	PRICE INDICES	Wed Feb 18	Day's change %	Tues Feb 17	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	122.27	+0.46	121.71	—	1.10
2	5-15 years	136.89	+0.69	135.95	—	2.37
3	Over 15 years	144.23	+0.84	143.03	—	2.16
4	Irredeemables	158.97	+1.16	157.15	—	0.00
5	All stocks	134.37	+0.65	133.50	—	1.90
	Index-Linked					
6	5 years	118.34	−0.01	118.35	—	0.00
7	Over 5 years	118.99	−0.14	119.15	—	0.68
8	All stocks	118.87	−0.12	119.01	—	0.57
9	Debentures & Loans	119.48	+0.43	118.97	—	0.32
10	Preference	84.07	+0.06	84.02	—	0.31

	AVERAGE GROSS REDEMPTION YIELDS		Wed Feb 18	Tues Feb 17	Year ago (approx.)
	British Government				
1	Low	5 years	8.88	9.01	9.61
2	Coupons	15 years	9.61	9.71	9.98
3		25 years	9.62	9.71	9.99
4	Medium	5 years	9.94	10.13	10.99
5	Coupons	15 years	9.85	9.95	10.38
6		25 years	9.74	9.82	10.08
7	High	5 years	9.97	10.15	11.14
8	Coupons	15 years	10.02	10.11	10.57
9		25 years	9.75	9.85	10.19
10	Irredeemables †		9.54	9.65	9.84
	Index-Linked				
11	Inflat'n rate 5%	5 yrs	3.15	3.12	4.60
12	Inflat'n rate 5%	Over 5 yrs	3.47	3.46	3.78
13	Inflat'n rate 10%	5 yrs	1.42	1.39	3.65
14	Inflat'n rate 10%	Over 5 yrs	3.30	3.29	3.64
15	Debs &	5 years	10.67	10.75	11.66
16	Loans	15 years	10.74	10.80	11.43
17		25 years	10.74	10.80	11.20
18	Preference †		11.17	11.18	12.12

‡Opening index 1965.7; 10 am 1962.7; 11 am 1970.9; Noon 1971.6; 1 pm 1969.3; 2 pm 1970.4; 3 pm 1976.0; 3.30 pm 1965.4; 4 pm 1960.7

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls July	Calls Oct.	Puts Apr.	Puts July	Puts Oct.
Allied Lyons (*375)	280	100	105	—	1	1	—
	300	80	85	97	1	1½	5
	330	50	60	73	1	9	14
	360	25	36	50	9	16	22
Brit. Airways (*111)	90	25	28	32	1	2	5
	100	16	19	24	3	6	7½
[illegible]							

Option		Calls Feb.					
Ladbroke (*444)	360	87					
	390	57					
	420	27					
	460	—					
LASMO (*185)	140	46					
	160	26					
[illegible]							

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
‖ ‖	F.P.	30/1	78	65	‡Avesco (Reg) 1p	77	.....	L0.5	6.6	0.9	19.7
‖ ‖	F.P.	—	63	37	‡Border TV	53½	+½	2.5	3.2	6.6	6.7
125	65	3/4	119½	104	British Airways	109½	+4	R6.0	2.4	5.0	9.6
§110	F.P.	—	133	126	Dale Group 10p	126	.....	R4.5	2.6	5.0	10.9
§94	F.P.	6/1	120	107	‡Gaynor Group 10p	120	.....	L2.67	2.8	3.1	16.2
§23	F.P.	5/1	29	24	‡Harmony Leisure 5p	29	.....	10.1	12.4	0.5	23.3
§100	F.P.	14/1	121	93	‡Hornby Group 5p	93	.....	R3.195	2.8	4.8	10.5
§128	F.P.	30/1	180	146	Hoskyns Group 5p	178½	+5½	u1.6	4.7	1.3	23.8
§144	F.P.	23/1	159½	144½	MIL Research 5p	151	.....	R3.0	3.4	2.8	14.6
§102	F.P.	—	121	104	‡Mayborn Group 5p	121	.....	R3.2	3.0	3.8	12.2
150	75	—	78	75	Mezzanine Tst. Inc.	77	.....	at10.4	—	9.7	—
50	F.P.	—	53	50	Do. Capital 50p	50	−1	at10.4	—	11.7	—
‖ ‖	F.P.	—	53	52	Multitrust	53	+1	—	—	—	—
§100	F.P.	—	108	101	Paribas French Inv. Tst.	108	.....	—	—	—	—
—	F.P.	—	106	97	Scot. Inv. Tst. Warrants	98	+1	—	—	—	—
§112	F.P.	8/1	131	119	‡Tribble Harris $0.01	130	.....	RQ3.6c	2.8	1.9	19.0
§130	F.P.	27/2	183	148	Viking Packaging 10p	183	.....	u3.5	3.0	2.7	17.7

For British Gas see London Share Service (Oil & Gas).

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price £	+ or −
101.61	£10	19/3	12¼	11½	Mid-Kent Water 8¾% Red Prf. 1997	12	.....
§100	£50	15/5	52	41½	Mid-Sussex Water 11% Red Deb 2012-16	51	.....
§99.257	F.P.	5/3	102⅞	100⅛	Monks Inv. Tst. 11% Deb. 2012	102¾	+¼
—	F.P.	—	100	100	Nationwide 10$\frac{13}{32}$% Bds. 15/2/88	100	.....
¶¶	F.P.	—	121½p	110½p	P. & O. 6¾% Cnv. Red. Prf.	121½p	+1½

"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc Date	1986/7 High	1986/7 Low	Stock	Closing Price p	+ or −
310	Nil	16/3	78 pm	65 pm	Anglia TV	78 pm	+6
170	Nil	—	40pm	40pm	Borgess Products	40pm	.....
175	Nil	18/3	25 pm	3½ pm	‡Cannon St. Invs. 20p	25 pm	+3
480	Nil	27/3	93 pm	48 pm	Cookson 50p	91 pm	+13
3636	Nil	16/3	11 pm	9 pm	Petranol 10p	10pm	..
137	Nil	27/3	39 pm	14 pm	Wiggins Group	36 pm	−2

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures. i Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. * Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖ ‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ** Issued in connection with reorganisation merger or takeover. ■ Allotment price. ‡ Unlisted securities market. ¶¶ Official London listing. ‡‡ Including warrants entitlement.

WORLD STOCK MARKETS

CANADA

TORONTO

Closing prices February 18

MONTREAL

Closing prices February 18

NEW YORK

Indices

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 35

TOKYO – Most Active Stocks
Wednesday, February 18, 1987

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
Nippon Steel	343.97m	381	+16	Sumitomo Heavy Inds	54.31m	295	+21
Kobe Steel	226.96m	291	+30	Japan Line	52.96m	134	+19
Mitsui Eng. & Ship	144.33m	256	+26	Sumitomo Chemical	50.83m	680	+48
Nippon Kokan	70.48m	276	+9	Sumitomo Metal	46.21m	190	+9
Kawasaki Steel	69.61m	239	+13	Hitachi Zosen	42.80m	167	+22

LONDON – Most Active Stocks
Wednesday, February 18, 1987

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
Brit. Airways	78.58m	180½	+4	Hanson Tr.	12.92m	167	unch
Brit Gas	63.09m	73	unch	Brit Telecom	10.89m	239	+2
Sears	20.09m	136½	+2½	Racal	10.00m	223	−1
Amstrad	13.80m	163	+6	TSB	9.30m	79½	unch
Wellcome	13.60m	419	+13	Mrks & Spncr	9.10m	213	unch

Pratt & Whitney keeps stake in Bet Shemesh

BY ANDREW WHITLEY IN TEL AVIV

PRATT & WHITNEY, the US aero-engine manufacturer, has agreed to retain its minority shareholding in Bet Shemesh Engines, the heavily indebted Israeli company whose sale to the private sector is near completion.

Maintaining the involvement of Pratt & Whitney was critical for the future of Bet Shemesh Engines, Israel's only full-assembly plant for aircraft engines. The US company had threatened to pull out if, as looked likely at one stage, the state-run Israel Aircraft Industries took over control.

The field bidding to take over the state's 60 per cent shareholding has now been narrowed down to three Israeli companies: Iscar, a manufacturer of precision tools & engine components; Ormat, which makes heavy turbines; and TAT Industries, a small producer of aero-engine components. The Government is likely to decide which bid to accept by the end of March.

It is less certain whether, under its new ownership, the Israeli company will continue to build Pratt & Whitney's new 1120 engine, designed to power the Lavi, the country's advanced combat aircraft for the 1990s. Loss of the order would be a serious blow to any intended rescue.

Present plans call for the first 30 of a eventual 300 to 350 engines to be shipped from the US to the Lavi assembly line at IAI. Thereafter, the Israeli company is expected to produce an increasing number of components, building up to full assembly.

"We don't think Bet Shemesh Engines has the capability to produce the 1120," said one Western diplomat familiar with the troubled company. "At present, all they are doing is small work on small engines."

According to a senior Israeli Defence Ministry official, no decision has been made so far on taking the engine away from the company.

Last December, Israeli banks agreed to write off $20m of Bet Shemesh Engines' $65m of debts to its bankers.

LONDON Chief price changes (In pence unless otherwise indicated)

RISES

Treas. 13½pc '04–08	£129⅞	+ 1⅛
Assoc. Brit. Ports	457	+18
BPB Inds.	653	+13
Burmah Oil	437	+25
Chamb. Phipps	140	+10
Coalite	332	+14
Crowther (J.)	205	+16
Crystalate	279	+16
Eurotherm Intl.	370	+18
Glanf. Lawr.	110	+ 5
Glaxo	£14⅜	+ ⅜
Jaguar	623	+22
Klein. Benson	630	+15
Laird Gr.	295	+16
McAlpine (A.)	*484*	*+18*
Mercury Intl.	365	+17
Meyer Intl.	360	+27
Reuters B	674	+32
Saat & Saatchi	893	+30
Sun Allie	789	+30
Tarmac	554	+16
Tomkins (F.H.)	260	+17
Tur & Newall	*259*	*+14*
Wellcome	419	+13

FALLS:

Treas. 2½pc IL 2024	£82¹⁵⁄₁₆	− ½
Cons. Gold Fields	727	−11
Doornfontein	685	−34
Elandsrand	550	−38
Impala Plat.	775	−57½
T'th Forte	*214*	*− 8*

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
29⅞	18⅝	AAR s	.50	1.7	21	438	29	28¾	29	+½
[illegible]	21⅞	ADT	.92	2.8	19	1411	33⅞	32⅝	33⅛	−¾
38½	20	AFG s	.12	.3	11	551	36½	35⅝	36⅝	+⅞
37	16¾	AGS			21	296	35	35⅛	35¼	−¾
15	6¾	AMCA				34	6⅝	6⅜	6⅜	−¼
62½	47¼	AMR			13	10737	61½	53⅝	55⅝	−⅛
27½	24	AMR pf 2.67		10		4	26	26	25	−¼
16½	10	ARX	.72	5.6	12	137	12⅞	12½	12¾	+⅛
42⅞	26¾	ASA	2a	5.0		564	39⅞	39½	39¾	−⅜
18⅝	9¾	AVX			20	293	17	16	16	−1⅛
32	26½	AZP	2.72	8.7	10	2563	31⅛	30⅞	31⅛	+⅛
61½	33	AbtLb s	.84	1.4	26	5822	u62⅝	61⅛	61⅜	
35	25	AccoWd .62		1.9	21	168	33	32⅞	32¾	
14⅞	9	AcmeC .40		3.0	24	456	13⅝	13	13⅛	−⅛
9¼	6⅛	AcmeE .32b		4.4	25	25	7⅝	7¼	7¼	
23⅞	18	AdaEx 3.42e		16.		212	22¾	22	22	−½
16¾	11⅜	AdmMl s .24		1.4	13	67	u16⅞	16½	16⅝	−⅛
20⅞	12⅛	AdvSys .62t		3.0	16	159	20⅞	20	20⅝	−½
32⅞	12⅞	AMD				5873	24½	23	23⅛	−¼
10⅝	5⅛	Adobe				132	8⅝	8¼	8⅝	
19½	15¾	Adob pf 1.84		9.4		62	19½	18¾	19½	+⅜
21½	16⅝	Adob pf 2.40		11.		84	21⅛	21	21	−⅛
16⅜	11½	Advest .12a		.9	11	460	14⅛	13¾	13¾	−⅛

Continued on Page 35

NYSE COMPOSITE CLOSING PRICES

Continued from Page 34

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X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
72⅝	48⅝	Xerox	3	4.1	19	7953	u74½	72⅝	73⅛	+⅝
58¼	55	Xerox pf5.45		9.6		1421	57⅞	57	57	−¾
28¾	21½	XTRA	.64	2.3		181	28⅝	27⅞	28¼	−¼
20	13½	Yorkln n				223	20	19¾	20	+¼
6	2¼	Zapata				442	4	3⅞	4	
43⅞	20¾	Zayre s	.32	1.1	20	1937	29¼	28¼	29	
17	9¾	Zemex	.40	3.1	8	27	12⅞	12½	12¾	+⅛
29⅞	18⅞	ZenithE				4023	23½	22⅜	23½	+1⅛
18¼	6	ZenLb s			65	1324	10½	10⅛	10⅜	−⅛
22⅝	12⅝	Zero	.38	1.9	20	245	19⅝	18½	18¾	−¼
48⅞	32¾	Zurnin	1.32	2.8	18	303	47½	45¾	46⅝	−1
10⅝	8¾	Zweig n.10e		1.1		1319	9⅝	9½	9½	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

[illegible]

OVER-THE-COUNTER *Nasdaq national market, closing prices*

[illegible]

Continued on Page 33

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Foreign impetus fades under profit-taking

WALL STREET

A WAVE of buying by foreign investors pushed up Wall Street sharply at the opening of yesterday's session, but prices sagged soon after under pressure from profit-taking, *writes Roderick Oram in New York.*

In contrast, bond markets enjoyed a modest rally as the dollar firmed slightly.

The Dow Jones industrial average closed up 0.14 of a point at 2,237.63, setting a record for the second day running. It had been up nearly 20 points early in the session before falling back quickly to 17 points below the previous close. It recovered partially during the afternoon but had to struggle to show a marginal advance on the day.

Broad market indices were mixed, with the New York Stock Exchange composite index edging ahead by 0.08 to a record 162.56 but the Standard & Poor's 500 slipping 0.07 to 285.42 and the American Stock Exchange composite index shedding 1.16 to 318.09.

Some market participants had been worried that stock markets would suffer yesterday the same hectic correction after Tuesday's 54-point rise in the Dow industrial as had occurred on January 23 after a 51-point gain. They expressed relief that profit-taking did not trigger a steep dive.

NYSE volume surged to 218.2m shares from 187.8m on Tuesday with advancing issues barely outnumbering declining by 799 to 785.

Alleghany Corp fell $1 to $83 after its opening was delayed by an order imbalance. It will be buying and then spinning off the special steel and construction activities of Cyclops which has agreed to a takeover by Dixon's the UK retailing chain. Cyclops was unchanged at $90⅞ against a $90¼ bid price announced on Tuesday.

J. C. Penney advanced $2½ to $89⅛. It reported fourth-quarter net profits of $3.60 a share against $3 a year earlier. It also announced formation of cable television shopping-from-home service.

Home Shopping Network fell $1½ to $28½ on the American Stock Exchange, partly in response to the news from J. C. Penney. HSN has had a roller-coaster ride in the stock market as investors showed considerable interest in its home shopping plans. Over the past 52 weeks, the shares have swung between a low of $6¼ and a high of $47.

Two large companies reported yesterday a return to profits in the fourth quarter. ITT, the diversified industrial and financial group, slipped $⅛ to $63 and B. F. Goodrich, the rubber and tires maker, added $1 to $53.

UAL fell $⅜ to $58⅜ and Trans World Airways lost $½ to $23¾. They said they would back American Airlines' attempt to tighten up conditions attached to the current crop of discount air fares initiated by Texas Air's subsidiaries. American eased down $⅛ to $59⅝ and Texas added $¼ to $50 on the American Stock Exchange.

Technology stocks added to recent rises early in the session but turned mixed as the rest of the market fell back. IBM dropped $⅝ to $137⅞, Digital Equipment fell $¾ to $155, and Motorola gave up $⅛ to $50 although Texas Instruments rose $2 to $159⅝ and Unisys advanced $4⅛ to $111⅜.

Polaroid rose $1½ to $83. Late on Tuesday it reported higher earnings, a two-for-one stock split and an increased dividend.

Credit markets benefited from a firmer dollar while they shrugged off figures for housing starts which showed no let up in construction activity. The US currency was buoyed by hopes that the Group of Five industrial countries were moving toward a meeting to discuss closer economic co-operation which in turn might lend some support to the dollar.

The price of the 7.50 per cent benchmark Treasury long bond rallied 11/16 of a point to 99 5/32 at which it yielded 7.56 per cent. Shorter maturity government bond prices posted modest advances.

Short-term interest rates eased a fraction as the fed funds rate slipped to 6 per cent from an opening rate of 6 1/16 per cent. The Federal Reserve eased pressure on the rate by supplying reserves through $1.5bn of customer repurchases. The discount rate on three-month Treasury bills fell two basis points to 5.57 per cent at which the bills yielded 5.71 per cent.

Investors and traders were cautious ahead of today's testimony to Congress by Mr Paul Volcker, chairman of the Federal Reserve, and the release of revised fourth-quarter gross national product figures.

CANADA

A STRONG START faltered in Toronto as prices turned mixed in active trading.

Industrials, mining and utility stocks fared best, while golds and energy issues were mainly easier.

Among actives, Dome Petroleum added 2 cents to C$1.12. Its board has approved its plan to reschedule C$6.1bn of debt. Nickel and copper producer Falconbridge rose C$⅛ to C$19⅞.

Noranda gained C$½ to C$27½. The mining group was discussing the three-month-old strike at its Horne copper division in Quebec with union representatives and government arbitrators.

Leading banks were easier in active trading, with Nova Scotia down C$⅛ at C$21¼.

Montreal was slightly firmer, with major stock groups all in tow.

George Graham in Paris examines bourse regulation

Search for a new code of conduct

FRANCE'S stock exchange authorities have set up a working party to recommend a general code of conduct as well as specific rules to be applied compulsorily to financial intermediaries.

The working party is chaired by Mr Gilles Brac de la Perriere, president of Banque Privée de Gestion Financière, and includes representatives of banks, fund managers, stockbrokers, the judiciary and the finance ministry.

Ethical problems have come into focus in Paris in the wake of the recent upheavals in London and New York over the Guinness and Boesky affairs, but the authorities' concern is prompted more by changes in the structure of their domestic markets.

Rapid deregulation has led to an increase in multi-capacity financial activities, where intermediaries are faced with conflicts of interest as they act simultaneously clients and for their own account.

The Commision des Operations de la Bourse (COB), France's stock exchange regulatory authority, issued a working paper on financial ethics at the end of last year, and is particularly concerned about the problems that can spill over from one market to another as boundaries between national markets break down.

With sizable blocks of shares in French companies now changing hands through London banks without passing through the Paris bourse, the COB is anxious to ensure international co-operation on the regulation of financial markets.

France has had rules against insider trading since 1967, extended in 1983 to provide for prison sentences of up to two years and fines of up to FFr 5m ($825,000), but the COB has often had difficulty in winning its cases before the courts.

EUROPE

Brussels peaks again as local factors dominate

DOMESTIC factors dictated the pace of trading on the European bourses yesterday as concern over the dollar subsidied.

Brussels rose to another high on strong foreign and local buying linked to the Government's pensions savings plan. Wall Street's record one-day gain on Tuesday was also a stimulus. The Brussels SE index was 12.22 up at a peak 4,180.57.

Finance Ministry figures showed 881,600 Belgians have subscribed to the Government's securities-linked pension scheme, representing a total investment of about BFr17bn.

Heavy trade in financial holdings saw Reserve pick up BFr 65 to BFr 3,270, while GBL recovered BFr 85 to close at BFr 3,450 after the recent slide caused by a legal probe of its US affiliate.

Chemicals also advanced strongly. Solvay added BFr 190 to BFr 9,250 and UCB gained BFr 120 to BFr 9,970. Tourist stock Wagons Lits strengthened BFr 80 to BFr 5,700, armaments to sports goods company FN by BFr 45 to BFr 1,950 and Arbed, the steelmaker, closed BFr 70 up at BFr 1,620.

But profit-taking pulled back utilities, with Intercom losing BFr 50 to BFr 4,250 and Unerg also BFr 50 down at BFr 3,100. Non-ferrous metals also suffered, Hoboken falling BFr 230 further to BFr 7,520 and Vieille Montagne dropping BFr 170 to BFr 5,030.

Frankfurt staged a technical recovery amid some profit-taking after Tuesday's 15-month low. The Commerzbank index rose 5.7 to 1,708.3.

Most sectors recovered ground. In cars, VW put on DM 2.80 to DM 342. Daimler added DM 7.50 to DM 932 and Porsche reversed its slide with a DM 38 gain to DM 835.

Bonds inched higher in mixed trading. The Bundesbank sold DM 5.9m of paper after sales of DM 42.3m on Tuesday.

Amsterdam fell back from a sprightly opening to close mixed. The CBS closing Tendency Index was a marginal 0.8 higher at 90.1.

Internationals fared well, with market leader Royal Dutch adding 30 cents to Fl 217.30, Unilever up Fl 1.70 at Fl 506.00, Philips 60 cents stronger at Fl 47.00 and KLM 10 cents up at Fl 40.90.

Paris turned weaker on expectations of poor inflation data for January and a softer industrial performance, while the withdrawal of foreign invetors and the latest political clash over New Caledonia dampened sentiment.

Vallourec suffered one of the largest falls of the day with its FFR 10.50 decline to FFr 99.90 on its drop in turnover last year.

From tomorrow, the bourse continuous quote list will be expanded by six shares to 51. The newcomers are Bali Equipment, Ciments Francais, Géophysique, Lebon, Locafrance and Total.

Zürich finished mixed with a strong showing among bank issues which later encountered strong foreign profit-taking. The Swiss Bankers Association yesterday called for more flexible trading of Swiss Companies' registered shares amid growing controversy over the defence tactics of Hero, the jam group, in its bid to ward off an unfriendly takeover by Jacobs Suchard last month.

Stockholm edged higher on foreign buying of pharmaceuticals: Pharmacia jumped SKr 14 to SKr 240.

Milan turned mixed over unease surrounding the coalition Government. The tone changed in after-bourse trading following a Bank of Italy announcement that the deadline on mutual funds reducing their stakes in individual companies from 10 per cent to 7.5 per cent has been postponed until the end of 1988.

Oslo edged ahead on sharply higher volume while **Madrid** gained ground in active trading.

LONDON HIGH

FOR THE THIRD successive day, share prices broke new ground as their drive forward showed no sign of losing momentum.

The euphoria resided mainly in hopes of tax cuts and lower interest rates in the March Budget but was also encouraged by an opinion poll favouring the Conservatives for a third term in office and by Wall Street's surge on Tuesday.

The FT-SE 100 share index closed off the day's highs after late profit-taking but still 10 higher at a record 1,952.0. The FT Ordinary share index was 2.7 up at a peak of 1,555.0. Gilts revived well but closed off their highs on the weakness in the US bond market. Details, Page 32.

SOUTH AFRICA

THE LOWER bullion price led gold shares down in Johannesburg but industrials were mainly higher in active trading.

Vaal Reefs lost R8.50 to R358 while Buffelsfontein and Driefontein each fell back R2 to R74 and R71 respectively.

Mining financials and most other mining shares were steady or lower, with Anglo American Corp off R1.25 at R67.25 and Impala Platinum R2 down at R51.50 despite its better interim results.

Diamond stock De Beers moved against the trend, adding 10 cents to R40.40.

Industrials saw Sappi rise 50 cents to R23 and SA Breweries 25 cents to R16.50, but Barlow Rand eased 10 cents to R19.50.

ASIA

Steels attract heaviest demand in fresh surge

TOKYO

ENCOURAGED, by Wall Street's record investors bought busily in Tokyo yesterday to drive share prices up sharply almost across the board, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average gained 243.83 to close at 19,881.76 on a volume of 1.82bn shares, up sharply from Tuesday's 1.09bn. Gains outnumbered losses 548 to 348, with 118 issues unchanged.

Large-capital stocks were active, reflecting use of off-the-book assets and business diversification resulting from structural reorganisation. However, institutional investors concentrated on making early capital gains by pouring large sums into these stocks. A leading brokerage house official said non-residents bought Nippon Steel and Kawasaki Steel particularly heavily.

Big-capital issues, mainly steels and shipbuildings, accounted for nine of the 10 most active stocks. Nippon Steel topped the list with 343.98m shares changing hands, adding Y16 to Y301. Kobe Steel came second with 226.97m shares, jumping Y30 to Y291, while Mitsui Engineering & Shipbuilding closed Y24 higher at Y256 on the third largest volume of 144.34m shares.

Some blue chips also drew investor interest because of the overnight popularity of high-technology stocks on the New York stock exchange. Expecting a rise in profit after the planned launch of digital audio tape recorders in spring, investors sought tape recorder and cassette makers.

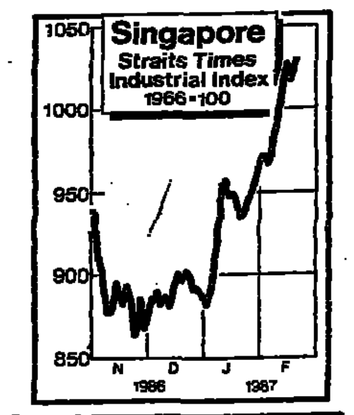
Sony jumped Y280 to Y3,370, TDK Y420 to Y3,590 and Fuji Photo Film Y150 to Y3,330. NEC and Matsushita Electric Industrial also gained, closing Y50 up at Y2,000 and Y100 up at Y1,920, respectively.

Buying of issues related to acquired immune deficiency syndrome (Aids) revived again, with Mitsubishi Kakoki Kaisha picking up Y53 to Y708, Nippon Zeon Y75 to Y710 and Ajinomoto Y70 to Y2,350.

Nippon Telegraph & Telephone hit another high of Y1.95m. This helped increase buying of Japan Air Lines, whose government-held shares will be sold in autumn, and sent it up by Y600 to Y15,100.

Institutional investors continued to stay away from the bond market, due to a lack of fresh incentives, and only dealers conducted arbitrage in the 5.1 per cent government bond due in June 1996. The yield on the bellwether bond fell from 4.775 per cent on Tuesday to 4.755 per cent.

Dealers and investors were increasingly discouraged by uncertainty over whether or not a Group of Five (G5) meeting of finance ministers and central banks governors will be held. A meeting would be likely to be accompanied by a cut in Japan's official discount rate. Bank of Japan Governor Mr Satoshi Sumita said a G5 meeting is not a prerequisite for a rate reduction.



SINGAPORE

THE BULLS returned to the market yesterday after only a one-day sell-off, buying blue chips and pushing the Straits Times industrial index to its highest level in three years.

The index finished 11.87 up at 1,029.59 in continued heavy volume after its 9.31 setback on Tuesday. It is now 42.32 below its all-time high of 1,071.91, reached on February 8, 1984.

Among Singapore stocks, Fraser and Neave climbed 40 cents to S$10.40 and Singapore Airlines was 10 cents ahead at a 12-month high of S$10.60.

Malaysian gains included Genting, up 15 cents at S$8.00 after announcing a major restructuring scheme. Sime Darby was 11 cents ahead at S$2.89, both 12-month peaks.

Singapore's second stock exchange started trading yesterday, with the aim of allowing small companies to raise capital on the equity markets.

There was active trading in the only company listed so far, Singapore National Printers, which closed at S$2.40 after a grey market quote in the past week of S$2.00.

HONG KONG

PERSISTENT buying by foreign institutions helped to drive Hong Kong share prices to a record high for the third session running, although local profit-taking pared some of the gains late in the session.

The Hang Seng index rose 9.40 to a peak 2,801.48 while the Hong Kong index was 8.17 higher at 1,799.93. Turnover was up by HK$150m to HK$1.5bn.

Properties were the main focus of attention, buoyed by Bond International's acquisition of a prime office building for HK$1.9bn.

Bond gained 7½ cents to HK$3.75 and HK Land 10 cents to HK$7.95. SHK Properties was up 10 cents at HK$23.00, but Cheung Kong remained steady at HK$43.50.

Utilities were mainly firmer, with China Light and HK Electric each gaining 10 cents to HK$21.80 and HK$14.40 Respectively

Cathay Pacific was off 5 cents at HK$6.30 in advance of an announcement by Financial Secretary Piers Jacobs that the colony's policy of having only one domestic airline on each air route would continue – a decision to Cathay's benefit.

AUSTRALIA

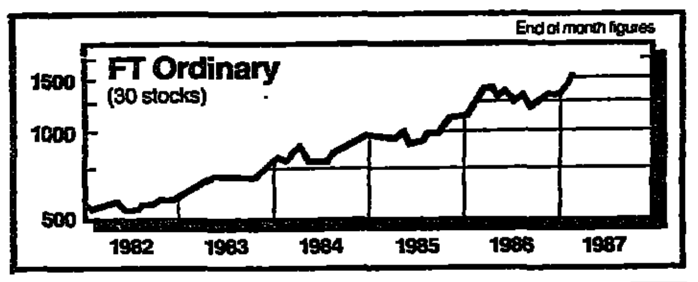
A PICK UP in demand for industrial and media stocks pushed Sydney higher despite falling golds. The All Ordinaries index added 5.5 to 1,578.8, with the All Industrials 12.1 higher at 2,497.4 and the gold index off 14.2 at 2,001.7.

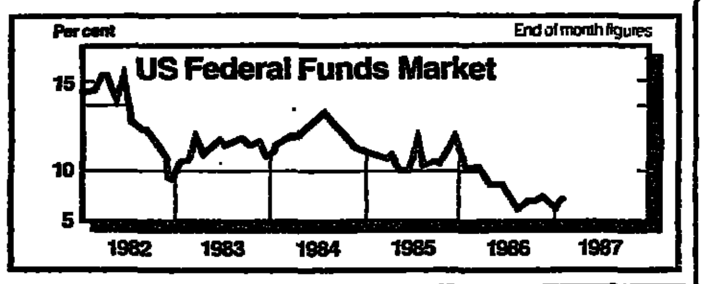
Heavy turnover was swelled by several bulk sales and by activity in media stock Wesgo, which gained 10 cents to A$1.36 on 21m shares traded amid speculation of a bid for the company.

Elsewhere in the sector, John Fairfax lost 30 cents to A$19.50, New Corp added 40 cents to A$20.70 and HWT was steady at A$17.00.

Aids-related stocks Private Blood Bank and Pacific Dunlop followed the higher trend with gains of 80 cents and 18 cents to A$7.80 and A$5.08, respectively.

KEY MARKET MONITORS





STOCK MARKET INDICES

	Feb 18	Previous	Year ago
NEW YORK			
DJ Industrials	2,237.63	2,237.49	1,678.78
DJ Transport	853.00	848.40	784.78
DJ Utilities	221.33	220.92	183.27
S&P Comp.	285.42	285.49	222.45
LONDON FT			
Ord	1,555.0	1,552.3	1,235.1
SE 100	1,952.0	1,942.0	1,491.9
A All-share	971.13	964.86	726.46
A 500	1,075.27	1,068.52	799.18
Gold mines	293.0	305.7	326.3
A Long gilt	9.75	9.85	10.23
TOKYO			
Nikkei	19,881.76	19,637.93	13,436.2
Tokyo SE	1,736.72	1,710.57	1,074.60
AUSTRALIA			
All Ord.	1,578.7	1,573.2	1,047.1
Metals & Mins.	756.2	756.3	500.8
AUSTRIA			
Credit Aktien	203.08	202.14	235.46
BELGIAN SE			
Belgian	4,180.57	4,168.35	3,118.24
CANADA			
Toronto			
Met.& Mins.	2,454.9	2,486.5	2,163.0
Composite	3,560.0	3,559.9	2,781.9
Montreal			
Portfolio	1,814.73	1,816.15	1,135.43
DENMARK SE	–	–	230.57
FRANCE			
CAC Gen	415.70	419.40	296.3
Ind. Tendance	104.20	105.4	71.13
WEST GERMANY			
FAZ-Aktien	565.29	565.55	649.48
Commerzbank	1,708.30	1,702.60	1,955.2
HONG KONG Hang Seng	2,801.48	2,792.08	1,771.41
ITALY Banca Comm.	–	681.46	534.94
NETHERLANDS ANP CBS			
Gen	262.50	261.20	252.2
Ind	246.90	245.70	243.6
NORWAY Oslo SE	380.27	378.67	368.58
SINGAPORE Straits Times	1,029.50	1,017.70	621.44
SOUTH AFRICA JSE			
Golds	–	1,867.0	1,168.7
Industrials	–	1,554.0	1,123.7
SPAIN Madrid SE	248.99	246.28	110.59
SWEDEN J & P	2,306.22	2,288.03	1,845.85
SWITZERLAND Swiss Bank Ind	571.20	572.50	567.8
WORLD MS Cap. Int'l Feb 17	404.5	399.8	274.5

COMMODITIES (London)

	Feb 18	Prev
Silver (spot)	352.05p	356.15p
Copper (cash)	n/a	£898.00
Coffee (March)	£1,455.00	£1,458.00
Oil (Brent)	$16.925	$17.325

GOLD ($/oz)

	Feb 18	Prev
London	390.25	395.25
Zürich	390.25	396.25
Paris (fixing)	395.16	400.98
Luxembourg	383.30	397.00
New York (April)	394.3 *	394.90

CURRENCIES (London)

	US DOLLAR Feb 18	US DOLLAR Previous	STERLING Feb 18	STERLING Previous
$	–	–	1.5320	1.5325
DM	1.8295	1.8140	2.80	2.78
Yen	153.75	153.16	235.30	234.75
FFr	6.09	6.045	9.33	9.265
SFr	1.5470	1.5310	2.37	2.345
Fl	2.0685	2.0495	3.1675	3.14
Lira	1,302	1,290.50	1,994.50	1,977.75
BFr	37.85	37.55	58.15	57.55
C$	1.3310	1.3295	2.0400	2.0355

INTEREST RATES

	Feb 18	Prev
Euro-currencies (3-month offered rate)		
£	10 11/16	10⅞
SFr	3 9/16	3 11/16
DM	4 3/16	4 5/16
FFr	8⅛	8 13/16
FT London Interbank fixing (offered rate)		
3-month US$	6⅜	6 11/16
6-month US$	6⅜	6 11/16
US Fed Funds	6.14*	6 1/16
US 3-month CDs	6.15*	6.525
US 3-month T-bills	5.595*	5.85

FINANCIAL FUTURES

CHICAGO

	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
Feb 18	Latest	High	Low	Prev
March	98.18	99.24	99.10	99.11
US Treasury Bills (IMM) $1m points of 100%				
March	94.28	94.32	94.26	94.27
Certificates of Deposit (IMM) $1m points of 100%				
March	93.82	93-82	93.82	93.82
LONDON				
Three-month Eurodollar $1m points of 100%				
March	93.42	93.45	93.39	93.38
20-year Notional Gilt £50,000 32nds of 100%				
March	117-05	117-14	116-24	116-09

US BONDS

Treasury

	February 18* Price	February 18* Yield	Prev Price	Prev Yield
6⅝ 1988	99 14/32	6.415	99 12/32	6.467
7¼ 1993	99 14/32	7.10	99 1/32	7.327
7¼ 1996	99 24/32	7.286	99⅝	7.147
7½ 2016	98 24/32	7.601	98 11/32	7.631

Source: Harris Trust Savings Bank

Treasury Index

February 18

Maturity (years)	Return Index	Day's change	Yield	Day's change
1–30	161.74	+0.02	7.06	+0.00
1–10	153.79	+0.03	6.78	–0.01
1– 3	143.55	+0.06	6.48	–0.02
3– 5	158.75	+0.04	6.83	+0.00
15–30	190.11	–0.01	7.94	+0.00

Source: Merrill Lynch

Corporate

	February 18* Price	February 18* Yield	Prev Price	Prev Yield
AT&T 3⅞ July 1990	93.20	6.15	93.34	6.10
SCBT South Central 10⅞ Jan 1993	(uch)	(uch)	105.375	9.68
Phibro Sal 8 April 1996	(uch)	(uch)	99.0	8.16
TRW 8⅜ March 1996	(uch)	(uch)	103.50	8.19
Arco 9⅞ March 2016	(uch)	(uch)	111.50	8.78
General Motors 8⅜ April 2016	(uch)	(uch)	93.75	8.72
Citicorp 9⅜ March 2016	(uch)	(uch)	101.50	9.23

Source: Salomon Brothers

* Latest available figures